

# **THE MACARONI JOURNAL**

**Volume 61  
No. 3**

**July, 1979**

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# Macaroni Journal

(ISSN 0024-8894)

JULY, 1979

PASTA

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CHALLENGE







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# The Macaroni Journal

Vol. 61  
No. 2  
July  
1979

Official publication of the National Macaroni Manufacturers Association  
36 South Botwell Street, Englewood Cliffs, New Jersey 07632  
Published by the National Macaroni Manufacturers Association, Inc.  
P.O. Box 100, Englewood Cliffs, N.J. 07632

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**Meets the Challenge** is the National Macaroni Institute's public relations program. The challenges are competing convenience foods, versatility, easy preparation, cost, and profitability. A consumer's demand for meat prices they turn to macaroni, spaghetti and egg is a source of protein. B vitamins. Pasta cooks quickly and is less expensive than competing convenience products. The total concept of the program is a campaign pointing up these advantages. Pasta Pronto 1-2-3, responds to a need for depth, nutrition, information, convenience, three ingredients — pasta, cheese, and a fresh, canned tomato sauce. Store operations must utilize the related benefits potential.

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up these advantages. Pasta Pronto 1-2-3, responds to a need for depth, nutrition, information, convenience, three ingredients — pasta, cheese, and a fresh, canned tomato sauce. Store operations must utilize the related benefits potential.

Shown are two typical casseroles from the 1-2-3 series. One combines macaroni with spaghetti and American cheese, the other egg, mozzarella, baby bage, and Swiss cheese. Each recipe in the campaign takes consumers through to the pasta section, from variety and frozen products, to a need for the dairy products.

### National Barbecue Week

National Barbecue Week will be celebrated August 2-11, 1979. Sponsored by the Barbecue Industry Assn.

at an Oak Brook Illinois site. The week will make it a selling activity during a traditionally slow period. It will start the first week of August and run for a two-week period.

There are two major parts to the National Barbecue Week. The first is a national television campaign to create an awareness of Barbecue Week and increase activity in the marketplace. James Marshall, New York City, will handle the national promotion.

The second is a need for the industry to support and add to the advertising impact for the special barbecue industry event. Barbara K. Kelly, San Francisco, will handle this phase of the promotion.

Macaroni manufacturers can help with macaroni salad, advertising, and promotion.

## Research Progress Report from the Crop Quality Council

Research progress in durum wheat improvement during the 1970's is unequalled in any similar period. Eight new durum varieties have been developed by North Dakota for commercial production. One more will be released this month, bringing the total to nine, a new record. Durum yield capability has increased 15 per cent. Durum quality and color has been maintained with stronger gluten characteristics added to give greater tolerance to cooking. Better resistance to stem rust and other plant diseases protect the crop along with improved agronomic performance.

Macaroni manufacturers, durum millers, durum growers and allied groups have long recognized the importance of an adequate and dependable supply of high quality durum wheat to their business income, profitability and growth. This shared, common interest in durum wheat improvement has significantly contributed to the expansion of durum research, that today is helping insure dependable production.

Future emphasis by all segments of the durum industry to seek adequate funding for durum research will require an ongoing commitment. The Crop Quality Council will continue to represent these interests in strengthening needed research efforts.

### Laboratory Funding

Last year funding for the laboratory were excluded from the President's budget and it was ordered closed. Action by Congress, however, restored 1979 support with an increase of \$100,000 for research expansion. This increase was dropped in the President's current budget proposal and will need Congressional help to replace it.

Durum quality research conducted by the U.S.D.A. Laboratory complements the durum quality work being done by the North Dakota State University Department of Cereal Chemistry and Technology. Recent work of the U.S.D.A. group has contributed to improved evaluation of Pasta quality through studies relating to finer semolina granulation, improving production rates. Also, basic research on conditioning of durum for milling has been a recent benefit.

### Research Funds Critical

Overall research progress achieved during the 1970's was based in the 60's when new research laboratory facilities were built and equipped with Federal and State appropriations aimed at strengthening research efforts. Inflation in the 1970's has virtually eaten up any increases provided. New laboratories, greenhouses and equipment are needed to replace outdated ones. Production and quality research on durum wheat and other basic crops is increasingly complex and needs a thorough upgrading to meet future use and market demands.

### Nursery in Mexico Marks 25th Year

The Council-coordinated winter seed increase program in Mexico for Upper Midwest and Canadian experiment stations marks its 25th year of speeding development of new durum and spring wheat varieties, making them available sooner to producers and industry.

The economic impact of this program is highly significant as all durums now grown in the Upper Midwest were first increased in Mexico. The North Dakota program, led by Dr. James Quick, has made effective use of the nursery. Dr. Quick is now working toward release of new durums in a six year sequence with three generations in Mexico. At present, about 10,000 individual rows from North Dakota and Canada are being increased this winter and will be harvested in late March.

The first seeding in Mexico was made in October, 1953. At that time, race 15B of wheat stem rust virtually destroyed the entire durum wheat crop in the Dakotas, Minnesota and the Canadian Prairie provinces. All of the commercial acreage was attacked and there was an urgent need to increase new durum varieties with stem rust resistance.

Use by plant breeders of the opportunity to increase their rust resistant breeding lines during the winter in Mexico has had a major effect on maintaining stem rust resistance in durum. Currently, all commercial varieties have adequate stem rust resistance. However, constant attention is required to maintain rust resistance.

### Prospective Planting Up

The U.S.D.A. Prospective planting report issued January 22, shows a 3 per cent increase in the 1979 durum acreage. This first indication by durum growers represents a U.S. seeded acreage of 4.25 million acres, about 226,000 acres over last year's 4.02 million acres and still below the record 4.8 million acres seeded in 1975. A second U.S.D.A. acreage report will be released on April 16.

For North Dakota, early durum seeding intentions are put at 3.55 million acres, an 8 per cent increase over 1978. South Dakota also shows an 8 per cent increase and Minnesota, 5 per cent. In Montana, a 13 per cent decrease is expected. Durum acres are down 32 per cent in Arizona and 50 per cent in California.

The 1979 Canadian durum acreage is currently placed at 3 million acres, a decrease of 17.6 from 1978. Statistics Canada will make its first official release on April 6.

The 1979 Upper Midwest durum acreage may be influenced at seeding time this spring by competition of other commodities such as sunflower which might be more profitable.

### Durum — Supply and Demand

Recent U.S.D.A. reports estimate 1978-79 crop year (June 1 - May 31) durum domestic disappearance at 45 million bushels and exports of 10 million bushels from the total durum supply of 201 million bushels. However, some analysts feel export disappearance may be greater. As of January 14, 1979, about 55.1 million bushels of durum had already been exported with unshipped export commitment of 3.3 million bushels indicated. With nearly four and one-half months remaining in this marketing year, some additional durum export demand might be anticipated, perhaps to a total of 68 to 70 million bushels. If this is realized, the year end carry over would be around 55 million bushels.

### New Varieties Expand

New durum varieties continue to find high grower acceptance and rapidly replace older lines. Ward dominates

(Continued on page 8)



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**PROFILE**

Perhaps the most crucial of all community life-lines is our ability to communicate by phone. We can take that ability for granted—because the Lineman never does.

Trained extensively in climbing, cable-splicing and in operating near high voltage, the Lineman must apply his knowledge in all types of circumstances, such as working at uncomfortable heights.

Night or day, when a break occurs in a telephone network, the Lineman is there. And, because he is, the intricate system we've all come to depend on is there whenever we need it.

# He's a Breadwinner

The tougher the weather, the harder a Lineman works.

When severe conditions cause cable breaks or short-outs, the Lineman is on the job—usually in the same weather that caused the problem. If the lines he must replace are suspended, he may climb or be power-lifted to heights in excess of thirty feet—and he may often take forty to sixty pounds of equipment up with him.

Plus, he carries showing underground cable locations, assemble anatomical drawings of nerve centers. Each emergency call requires a precise interpretation of those maps—a rapid cure for the damage.

The Lineman's lunch box is standard equipment since the area he must cover and the nature of his work make prepared food the question. He takes the energy he needs from his sandwiches, or macaroni dishes

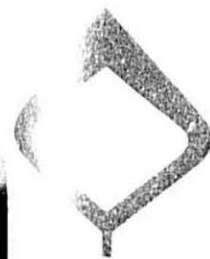
give him the stamina he needs to respond to the needs of others.

Like the Lineman, we at ADM are in the business of responding dependably to needs—needs for instance, like those of the pasta manufacturers who produce macaroni, spaghetti and noodles.

We select only the finest durum, mill it into clean quality semolina and ship it in the most hygienically sound conveyances that exist. In addition, our emergency reserve supplies of high energy blends and our sophisticated product testing capabilities are available to ADM customers whenever—whenever needed.

While Linemen are at work maintaining our nation's communication life-line, ADM is at work maintaining a life-line of food energy for the manufacturers we serve. A great deal of confidence is placed on our ability to supply quality products. At ADM, we take that very seriously.

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### Research Progress

(Continued from page 4)

nates the North Dakota acreage at 45.4 per cent; Rugby, 13.2 per cent; Crosby, 10 per cent; Cando (Semidwarf), 8.8 per cent; Rolette, 8.8 per cent; Botno, 4 per cent; Wells, 3.2 per cent; Leeds, 3.1 per cent. For 1979, the acreage of Rugby is expected to increase substantially. The newest varieties, Edmore and Calvin will be mostly in the seed increase stage.

### Projected U.S. Durum Supply and Demand 1979-80

U.S. durum carryover stocks of 118 mil bu. on June 1, 1980 is not a very bullish factor as compared to this year's expected carryover of 89 mil. bu. and the June 1, 1978 carryover total of 68 mil. bu. In addition, no serious problems appear to be affecting the wheat crops in those countries generally considered customers for U.S. durum. North Africa and most of Europe, with the exception of France, have indicated crop conditions to be near normal at this point. The total N.D. prospective plantings report indicated that sunflower, durum, and soybeans (in that order) were the only crops with increased acreages. Spring wheat was represented by a 2% decrease and oats and barley both decreased by 26%. Indicated total seeded crop acreage is expected to be 700,000 acres greater than in 1978. N.D. agricultural officials attribute the majority of this increase (after accounting for the decrease in oats and barley) to sunflower replacing substantial amount of summer fallow in western N.D. crop rotations (N.D. producers summer fallowed an average of 6.7 mil. a. in 1975, 1976, and 1977), a possible increase in individual normal crop acreages (NCA) through ASCS county committee appeals and the possibility of fewer acres devoted to grass and alfalfa.

Neal Fisher, marketing specialist from the North Dakota Wheat Commission presented these figures:

	(mil. bu.)
Expected Carryover (6-1-79)	89
*Est. Production (1979)	131
Est. Total Supply	220
*Est. Domestic Use	47
*Est. Exports	55
Total Expected Disappearance	102
Potential Carryover (6-1-80)	118

\* Based on 5 yr. avg. and April 16 Prospective Plantings.

### TEN YEAR DURUM PERSPECTIVE (In Millions of Bushels)

Year	Production	Exports	Domestic Use	Carry Over
1967-68	67	31	41	29
1968-69	100	47	37	24
1969-70	108	34	35	41
1970-71	53	39	36	80
1971-72	92	44	37	58
1972-73	73	65	40	45
1973-74	79	45	47	33
1974-75	81	47	41	26
1975-76	123	52	45	53
1976-77	135	41	63	92
1977-78	80	62	44	67
1978-79*	133	65-70	47	84-89

\* Projected.

### PLANTED ACRES (000's)

Year	North Dakota	Other States
1967	2,353	473
1968	3,012	703
1969	2,831	635
1970	1,812	355
1971	2,592	351
1972	2,333	259
1973	2,680	362
1974	3,190	647
1975	3,910	689
1976	3,710	1,030
1977	2,600	583
1978	3,300	810
1979*	3,700	680

\* Estimated.

### Watch Those Cars

Agricultural Stabilization and Conservation Service of Shawnee Mission, Kansas alerts processors to rail cars in poor condition and warns about steps to take to reduce insect infestation.

- (1) Take steps necessary to insure that rail equipment furnished is suitable for the movement of the commodity involved.
- (2) Instigate more stringent practices of car preparation by thorough cleaning and fumigating each rail car prior to loading.
- (3) In the case of domestic shipments, coordinate the examination of rail cars with Inspection personnel of the Federal Grain Inspection Service, USDA, prior to loading the car.

By applying these practices before shipment of the commodity, the added expenses involved when a carload is infested can be avoided. Additional expenses may include rejection of the commodity to the carrier for your account and resultant costs of fumigation and examination of the car. By following these recommendations, domestic and export programs should operate more effectively.

### NORTH DAKOTA PRODUCTION

Year	H. Red Spring	Durum	H. Red Winter
1974-75	20.5	20.0	29.5
1975-76	25.5	26.5	25.5
1976-77	24.5	25.0	28.0
1977-78	24.0	24.0	21.0
1978-79	29.0	31.5	29.0

### Canadian Durum Production

Durum production in Canada took a big jump in 1978, going up three-fold in Manitoba, and almost doubling in Saskatchewan and Alberta, and doubling in total from 1,800,000 acres to 3,600,000. Production went up from 46,900,000 bushels to 103,300,000 because of better yields on the increased acreage.

This year there will be a cut-back of some 17% on durum.

### French Imports Up

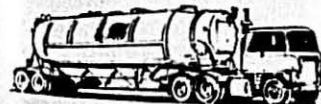
French durum imports are expected to reach 300,000 tons (11 mil. bu.) from all sources in the 1978-79 season after rising to 148,000 tons (5.4 mil. bu.) in the 1977-78 season. France imported 127,000 tons (4.7 mil. bu.) of U.S. durum in 1977-78 and has imported 165,000 tons (6.1 mil. bu.) from June-March in 1978-79.

### Durum Exports Strong: Supplies Large

from *Wheat Situation, May 15 79*  
Durum stocks on April 1 totaled around 105 million bushels, 1% per cent above last year. As of March 31, 15 million bushels were under loan and 11 million in the farmer-held reserve.

Exports have also been very heavy through 1978/79, with shipments expected to surpass 1972/73's record level of 67 million bushels. Most of this flurry was the result of a strong world demand for durum because of

(Continued on page 10)



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## Durum Situation

(Continued from page 8)

last year's smaller world crop. Final export loadings could reach a new high of over 70 million bushels. Outstanding commitments for delivery in 1979/80 point to a continuing strong export schedule.

While 1978/79 domestic use is projected to remain on a growth trend, June-March mill grind barely kept pace with last year's rate, reflecting a mill grind shortfall due to transportation tieups during the winter. In addition, more Hard Spring wheat than usual may be spilling into the pasta flour market because of protein premiums.

Prices of No. 1 Hard Amber Durum (medium) Minneapolis moved up seasonally from \$3.60 in January to \$3.70 in late April. The large June 1 carry-over and the prospects for increased production dim prospects for significant price rises in the coming year.

Durum growers intend to plant 4.4 million acres, 7 per cent above last year and nearly 40 per cent more than 1977's acreage. North Dakota growers, with 84 per cent of total U.S. durum acreage, were expected to increase 1979 seedings—12 per cent more than a year ago. Plantings in other States are expected to decline, the largest coming in the "desert" durum areas where California and Arizona farmers cut acreage by half. Spring seeding delays could substantially reduce yields below last year's record 33 bushels per acre.

## Correction

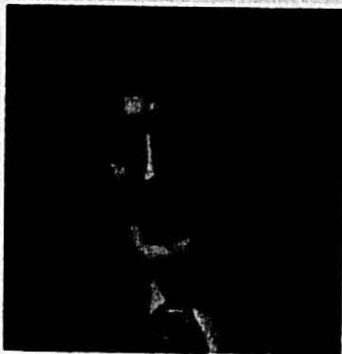
The following table was incorrectly set on page 14 of the May issue. The correct listing is as follows:

Company	U.S. DURUM MILLS <sup>1</sup> Location (State)	Plant Capacity Production (cwt)
Peavey	Minnesota	5,900
International	New York	5,200
Multifoods	Wisconsin	12,000
ADM	Minnesota <sup>2</sup>	8,400
Seaboard Allied	New York	5,600
	Minnesota	12,000
	Louisiana	1,000
	New York	4,000
	Minnesota	5,000
Amber Milling		
State Mill & Elevator	North Dak.	5,000
General Foods	Oregon	5,000 <sup>2</sup>
Centennial Mills	Oregon	3,700

<sup>1</sup> Milling and Baking News: 1977 Milling and Grain Directory, December 9: p. 87.

<sup>2</sup> Alternates with wheat flour.

## MILLERS' PROBLEMS DISCUSSED IN CONVENTION



Mark Heffelfinger

Chairman Mark W. K. Heffelfinger in opening the 77th annual meeting of the Millers' National Federation at Coronado, California, presented a list of five subjects that he believes to be of greatest concern to millers—safety, transportation, particularly rail deregulation, inflation, energy shortages and the need for milling productivity improvements. The text of his comments, in part, follows:

There is much to measure the difference between success and failure, and I think I've learned quite a bit this past year about those little differences in millers' minds as to what is important and what is not important. At least I've learned a lot about determining the consensus of what the industry ought to be addressing itself to and in helping to establish priorities. From this emerged the choice of speakers and their topics for today by our convention program committee.

President Wayne Swegle has maintained a very close communication with me during the year on all kinds of subjects, from minor administrative ones to major subjects such as the Council on Wage and Price Stability, Egyptian flour problems, exports, as well as important staff and personnel changes.

Wayne will be covering major subjects in some detail, so I won't elaborate any further except to say we need a very successful referendum among the end-product manufacturers in order for the Wheat Industry Council to become a reality. Failure will be costly in terms of time, money and lost opportunity. I encourage you to talk to your customers and inform them of the consequences.

We also will be discussing more on the current positive factors in our industry relative to the demand for our products, foreign and domestic. I have some concerns on the supply side, although our present capacity balances with the demand for our products.

I think there will be periods of tightness, and there will be periods of excess capacity, and it will be difficult to maintain a healthy balance in this situation.

Dr. Sung Won Son, chief economist for the Northwestern National Bank of Minneapolis, said in a recent article that he sees a bright future for grain merchandisers. He went on to say, "Aside from grain merchandisers, other agribusinesses face uncertain futures. The growth of the baked and packaged food industry, companies which convert cereal to flour and cake mixes and so forth, is likely to be limited in the next several years. However, margins may be protected if grain prices remain stable." I don't know if you would all agree with that, but I tend to.

### Five Subjects

There are five subjects of particular interest to me, and I think to the industry and you as individual company managers. One is in the area of Occupational Safety and Health Administration (OSHA) and safety. Most of us have experienced OSHA inspections and all of us know the cost of paying for lost-time accidents.

The status of transportation which is so vital to our industry has been deplorable. Where is it going, short-term, long-term? The questions are what can and should the industry do? These need to be answered because there is certainly going to be continued change. Subjects such as deregulation, should we be for it or against it? How should we act on that subject, taking into consideration the economic health of the railroad industry? Should we be dealing with proportional rates and transit? I'm not trying to throw all these responsibilities in your laps but they are our problems and we all have to deal with them.

Inflation is another major subject and we'll certainly be hearing more on that.

The energy situation is vital to us and surely is a problem for all of us. What active programs do each of us have ongoing in our own companies to better utilize the various energy sources which we use? What role, again, should the Federation play in this important arena?

Productivity is an obvious subject that is seeking improvement from all of us.

These five subjects tend to become entangled in conflict with one another and are not completely compatible with our major goals of expanding demand for our products and economic health within our own industry. As we must replace our capital goods and add to our fixed investments for safety, compliance and other regulatory agencies, we have a dire need to improve our earnings to adequately service the added investment that we will be utilizing. But this is not compatible with holding down the inflation spiral. If reliance on the most economic form of ground transportation from an energy standpoint is with the railroads and if this is going to be accompanied by service interruptions resulting in plant shutdowns for both us and our customers, it means added costs contributing to the inflation spiral.

### Visit with Union Leader

I had the opportunity to interview Roy O. Wellborn, president of the American Federation of Grain Millers International Union. He authorized me to share some of his views with you.

The grain millers are a part of the food and beverage departments of the AF of CIO seeking a grant to study conditions in grain and flour milling industries. The teams operating under the grants visit plants for the purpose of educational safety training and preventative safety to reinforce the awareness and safety needs on the part of both management and employees. Criticisms related by Mr. Wellborn of the industry's present practices were, and some of these will overlap: Poor supervision; need for better trained supervisors and foremen; lack of follow-up on reported unsafe conditions; managers who were directing employees to perform unsafe acts resulting in grievances and arbitration, and effectiveness of the safety committee operating within plants.

Two suggestions for alleviating these concerns made by Mr. Wellborn were: Eliminating the dust problem in elevators and training foremen and supervisors to know how to work with people. I asked him if he had any specific concerns regarding electrical classifications, sources of ignition, control systems, etc., and he said he did not feel competent to comment on that, but he certainly was aware of the need for eliminating dust.

On the subject of inflation, Mr. Wellborn does not feel the Council on Wage and Price Stability is or ever can be an effective tool. He believes mandatory controls would control wages and prices but would also definitely create unemployment and shortages.

In regard to his current expectations, and I want to deal with this carefully, he advised me that the present wage guideline of 7% does not satisfy a 10 to 12% annual inflation factor. I'm not sure what to read into that. He suggested that the only longterm solution is in effective controls of wages, prices, profits and government spending, presumably some kind of mandatory controls. He also suggested putting a limitation on the import of foreign goods and encouraging exports of U.S.-made products, including flour.

Safety is much a matter of concern for all of us. It is a matter that has been discussed quite heavily within your Federation, as to what we should do and how we can interact with the Association of Operative Millers and other trade associations. We certainly hope to provide entrees to the appropriate people in Washington where, of course, there are industry-wide concerns over specific regulations for inspection practices.

### Multifoods Increases Common Dividend

The board of directors of International Multifoods Corp. voted to increase the dividend on the common stock to 30¢ per share from 27½¢, effective with the dividend payable July 15 to shareholders of record on June 28.

Multifoods noted that this is the eighth consecutive year that the dividend rate on the common stock has been increased. Last June, the board increased the dividend from 25¢ to 27½¢.

### North Dakota to Get Mill-Macaroni Plant

The Devils Lake Daily Journal quoted North Dakota Senator Quentin Burdick as saying the federal government has approved a financing package for a durum mill and pasta processing plant at Cando, North Dakota. Cando is north of Devils Lake.

Burdick said the package includes a \$5.5 million guaranteed loan from the Economic Development Administration of the U.S. Commerce Department and a \$1 million urban development action grant from the U.S. Department of Housing and Urban Development. The Bank of North Dakota, Towner County State Bank and First State Bank of Cando also are involved in the financing, the Senator said.

The new plant will create approximately 159 new jobs in the Cando area with an estimated annual payroll of \$1.6 million. The plant will process nearly 77 million pounds of spaghetti, flour and durum bran annually.

"Estimates are that the plant will initially purchase about one million bushels of durum annually. The plant will be a steady purchaser of durum right in North Dakota—something farmers in the state have dreamed about for a long time," Senator Burdick noted. "This is one of the most innovative projects I've worked on in a long time, and I was very happy to see the federal assistance approved."

### Community Involvement

Although Leonard Gasparre of St. Paul, Minnesota is the private developer in the project, Burdick said the "community of Cando has been deeply involved from the start, and it is the city which has received the federal grant."

The HUD grant will be used to purchase the land for the plant and for water, sewer and associated utility services. The EDA funding will finance construction and equipment costs. Construction will be started this summer.

### What's a Few Billion Dollars?

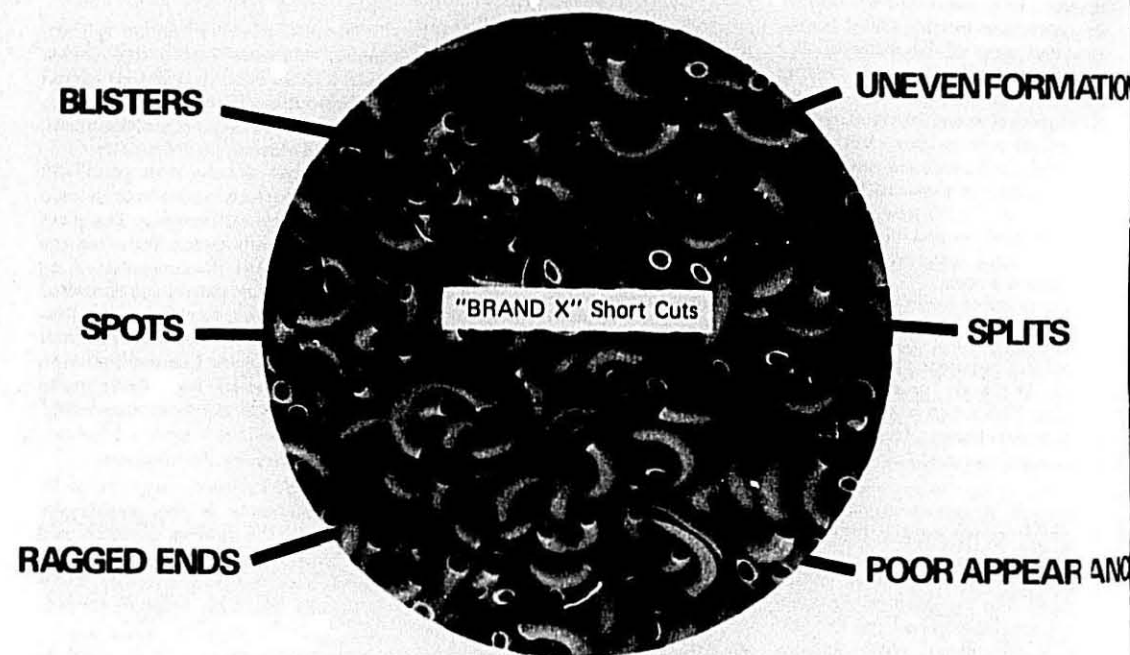
"A billion dollars here, a billion dollars there—pretty soon that adds up to real money."—Everett M. Dirksen, late U.S. senator from Illinois.



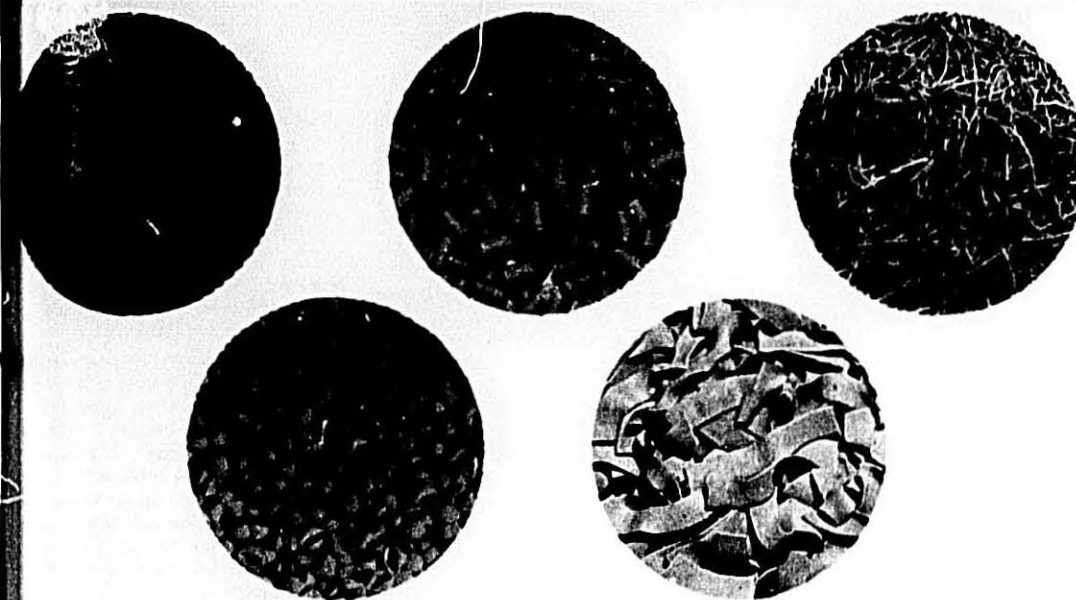
# You can't take short cuts if you want Quality.

"Brand X" Short Cuts reflect all the imperfections caused by their hurried system of production via one large extrusion screw that forces the mix through the extrusion die without allowing it to blend into the proper consistency.

Here are the results:



# The Demaco Short Cut production system is designed with Quality --of-the-end-product in mind!



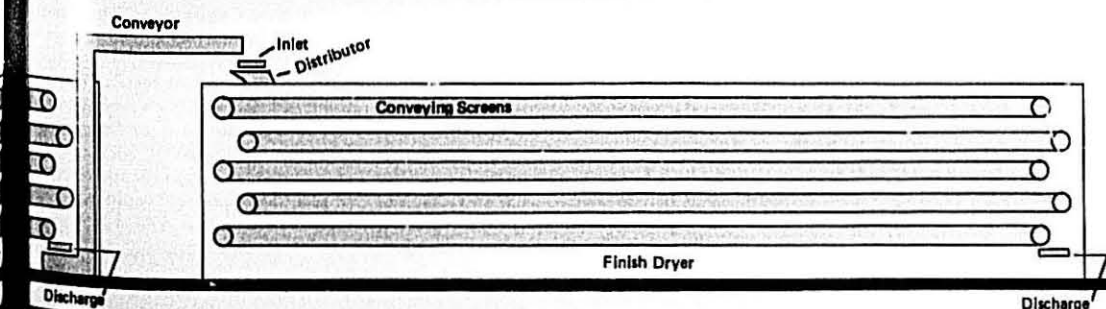
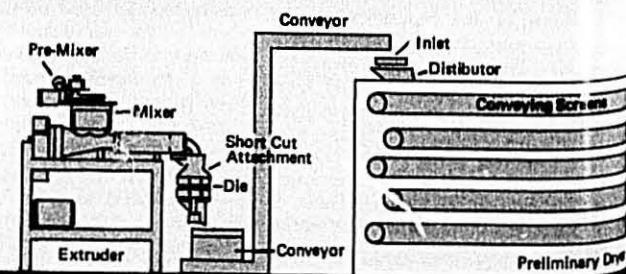
Demaco's 2-headed Short Cut Press (each head with its own extrusion screw) extrudes the mix at a properly regulated, unhurried rate, allowing for a smooth, evenly blended consistency. In addition, Demaco's all stainless steel Pre-Mixer and exclusive Mixer-Extruder (U.S.D.A. approved) prepares the product in advance for:

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This diagram illustrates the simplicity of design of the Demaco Short Cut Line:

- Stainless Steel Pre-Mixer pre-blends for smooth consistency.
- Exclusive U.S.D.A. approved Mixer-Extruder. Most sanitary available.
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- Simple, uncomplicated dryer (all U.S. made parts) will provide maximum dependable service; minimum maintenance required.





## COPING WITH INFLATION

William C. Hale, manager of the Food Business Unit, Arthur D. Little, Inc., Cambridge, Mass. made these comments at the Millers' National Federation Convention.

The milling industry's superior position is in large part the result of two principal advantages—products that will meet the expectations of consumers faced with the trauma of inflation and a pricing mechanism in position that gives milling opportunity to react to cost pressures.

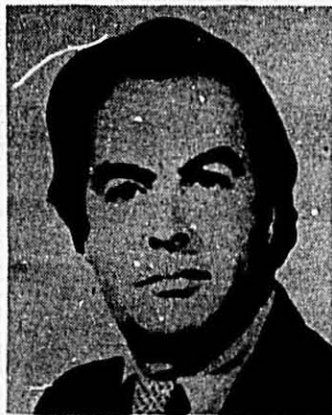
"The grain milling industry is perhaps better positioned than most to deal with inflationary pressures and the risks associated with price fluctuations of raw materials and finished goods," Mr. Hale said. He indicated that this flows from the fact that millers have long understood how to minimize risks through use of futures markets, and that "the millers and their customers are accustomed to daily or even hourly price adjustments." He counseled that unless the latter flexibility is used by millers to accommodate to mounting inflationary pressures, the industry will find itself in a very difficult position.

Mr. Hale predicted that inflation will not affect the flour milling industry in total "as much as it will the relative competitive position of various millers." He ascribed this likelihood to a differential in rates of inflation within the U.S., which impacts differently on power costs, labor and transportation rates. He stated that energy related cost elements, transportation and power will be the key to the ability of individual companies to cope with the pressure of inflation.

Along this line, he said the location of mills and sources of grain supply will also affect the competitive position of a company in a severely inflationary environment. He predicted that mills may find a "more competitive" environment existing in the wheat growing areas where producers are near exporting locations, a condition which may be accentuated in future years by the improved competitive position of U.S. wheat in world markets in response to the declining value of the dollar.

### Four Point Program

Mr. Hale presented a four-point action program to flour millers, as follows:



William C. Hale

"1—Review energy/labor productivity. Determine whether energy sources are going to cause greater impact on one plant than on others and review strategic options. Identify areas for productivity increases, for energy efficiencies and for labor savings.

"2—Review customer needs and your product/service mix. How is inflation likely to affect your customers and how can you offer appropriate services? Are you as a miller in a better position to add value than the customer?"

"3—Establish an aggressive development effort and marketing campaign to promote cereal based products. You need to tell the value/benefit story of grain foods as part of a balanced dietary pattern.

"4—Review management and cost controls to reduce further risk of cost absorption and profit erosion. The latter focuses primarily on understanding your costs and being able to control them."

### The Economy

Mr. Hale opened his talk with a review of the Arthur D. Little outlook for the economy. He said the expectation is that the Gross National Product will rise at a rate of 3% annually in the next five years, while inflation is expected to continue at a rate above 7% per year.

He said these forecasts assume that "inflation is not a short-term phenomenon." He noted, "We expect inflation to be a factor to reckon with over the next five to seven years, and that energy prices, particularly OPEC pricing policies will be the key causative fac-

tors in driving the inflationary spiral. Therefore, we continue to witness and expect cost-push inflation, rather than demand-pull inflation."

Another assumption is that both U.S. industry and consumers will learn to cope with inflation "in ways which allow the economy to continue to expand." He cited as an example reduced reliance on imported oil and new life styles, which result in product/service patterns of a less energy-intensive mode. "This realignment of expenditure patterns will set up interesting marketing dynamics," he stated.

Mr. Hale observed that controlling inflation would require both consumers and government to take stern measures, which is not likely. "The net result is that the consumer and elected officials would prefer to cope near-term with inflation rather than face the prospects of hardships related to stern controls," he said.

At the same time, he saw inflation easing over the long-term as the result of three developments—improvements in technology, especially improved energy use efficiency; evolutionary changes in consumer life styles to accommodate high energy costs, and new sources of domestic energy, such as coal, solar, nuclear, etc., in response to economic incentives and technological progress.

### Likely Responses

Turning to likely responses to near-term inflation, Mr. Hale said that the main forces at work on consumers will be the need to buy rather than wait, with expanding use of credit; increased attention to quality as a purchase criterion; more dual income households, and reordering of purchasing patterns and life style that will affect eating habits and patterns.

Mr. Hale spelled out a number of impacts on industry in general from inflationary forces. These include an expanded search for ways to reduce energy use; new trade practices that include in some food industries, but not in grain milling, a trend toward longer-term contracts; tighter financial controls in recognition that "the inability to pass on raw material or other input cost increases in a timely fashion can be a disastrous in a 'thin margin' business; productivity increase and cost reduction programs, and attention to plant locations and configuration of logistics systems to reduce costs.

(Continued on page 16)

THE MACARONI JOURNAL

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## Coping with Inflation

(Continued from page 14)

Mr. Hale also presented a study of consumer buying patterns that points to expanded demand for grain-based foods in an inflationary environment, if the industry itself develops a program that acquaints consumers with the advantages of their products. He said:

"The demand for cereal-based products is likely to experience a positive boost due to value-benefit of the products coupled with increasing consumer interest in nutritional quality of food consumed."

Along that line he showed several charts depicting the rising interest of consumers in the nutritional quality of their food.

Mr. Hale said the Arthur D. Little organization expects consumers to begin to respond "for health reasons as well as economic considerations" to suggestions by government that diets be changed to rely more on complex carbohydrates such as grain foods.

"We expect the combined effects of value of grain-based foods and nutritional quality to have a positive impact on milling," Mr. Hale declared.

The march for railroad deregulation is on and it promises to be the major public policy issue which will concern us in the railway industry and you in the shipping industry in the months ahead. It also, I might add, promises to be the single most compelling, important and controversial transportation policy issue in the 96th Congress.

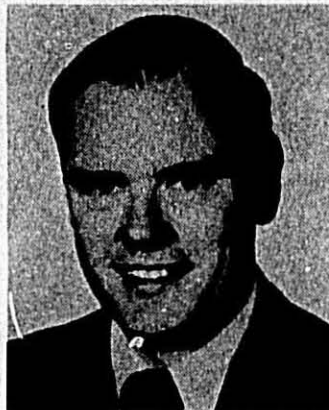
Moreover, I think the implications go beyond the rail industry or the flour milling industry or the automotive industry or the steel industry or shipper groups. There are significant implications here for the American public, for consumers and ultimately for taxpayers. There is also significant implications for the future structure of our national transportation system.

Let me make clear where the railroad industry stands on this now, and I hope by doing so I can inaugurate with the flour millers, as I've tried to do with other groups, a constructive and informative dialogue on this issue which is not going to be resolved tomorrow or the next day.

The railroad industry, which for years has fought in broad generalities about the need for fair competition, finally, as of last summer, sat down—

## DEREGULATION—WHERE WILL IT LEAD?

by John W. Snow, Vice-President of the Chessie System, Inc. at the Millers' National Federation Convention



John W. Snow

and I served on a task force—and began to examine what we really mean when we say we're over-regulated.

A few months ago, a few weeks ago actually, the rail industry announced a 14-point program calling for very major deregulation of railroad industry. We've asked for a new set of rules to govern our conduct. We did not ask for deregulation, but for a new set of rules, one which we think will protect your interests as well as giving the rail industry a prospect for surviving as a private-sector enterprise capable of meeting the needs of the existing public.

In seeking fundamental reform of regulations, which is what the Association of American Railroads proposal does, we're not blind to the legitimate concerns of the shipping community. You, too, have lived under the same system of regulations for some 90 years now. You, too, have made investments in response to it. You've grown accustomed to it. You know how it works.

Your pricing policies and your logistics decisions are tied to it, and you're concerned, concerned that disruption of the system will produce untold turmoil and disruption in your own enterprises. We're legitimately sensitive to those concerns. We have had concerns ourselves. It wasn't easy getting rail industry consensus on broad-scale deregulation. But ultimately what took us there was the recognition that the present system is

on a collision course with disaster.

But we do recognize your concerns. Market dominance, captive shippers, transit rates, abandonment, and so on. And we tried to fashion a package, which meets these legitimate concerns, while giving the rail industry the basic creative tools to respond to market forces in reverse, the 30-year and 40-year history of forces which are destroying the vitality of this industry.

Let me just review what can happen. The Carter administration sent forth a massive rail deregulation proposal on March 26 with a lot of fanfare, a White House ceremony, lots of congressmen and senators in attendance. They're making a strong pitch that the option is nationalization or deregulation, that the rail industry is going to suffer a \$13 billion to \$16 billion shortfall in the next seven or eight years unless fundamental changes are made in the regulatory system. Not that regulation is the lone or single culprit, but that with the present system of regulation in place, there's no prospect for making up that \$13 billion to \$16 billion shortfall. The proposal calls for very significant pricing freedom, contract rates, eliminating suspension, eliminating the I.C.C.'s ability to investigate on their own motion, roll-up pricing freedom, and at the end of a five-year period completely phasing out I.C.C. pricing authority.

The A.A.R. released its proposal in mid-March, and it is very similar. It, too, calls for roll-up pricing freedom, while pricing freedom is the centerpiece of the A.A.R. proposal. One of the most important actors in this little drama, of course, is Conrail. Conrail has said publicly that there is no way it can meet its five-year plan, its so-called final business plan projections, unless there is substantial change in the regulatory rules it operates under. So Conrail told the White House and the O.M.B. and the Treasury that the prospect was dim indeed for that company ever becoming a self-sustaining private enterprise system unless the rules of the game are changed. And, they said, if the rules of the game are changed, and they are calling for massive changes, they see a net in-

come improvement of \$500 million a year. That's the kind of number that catches the attention of the budget examiners in O.M.B., particularly when the counter number is a \$1 billion deficit a year by the early 1980's.

Then, of course, there are developments at the I.C.C. It is often said of the Supreme Court that scholars of the judicial process try to interpret the actions of the court and try to figure out how they arrived at their decision, and it's said they read the newspapers. Well, the I.C.C. seems to read the newspapers, too, and if you follow the I.C.C. and observe what is going on with them you will notice a change in their traditional attitudes toward regulation. The I.C.C. recently enunciated a policy to give railroads freedom to engage in contract rates, long denied the rail industry but possessed by our competitors. They recently announced a policy to deregulate fresh fruits and vegetables and are moving to deregulate other bulk commodities. Three of four new appointees to I.C.C. are known to be committed deregulators.

### Change Is Coming

I think it is fair to say that the regulatory system that we know today is not the regulatory system we're going to know three, four or five years from now. But if it is the same, instead of seeing 40% of the rail system in need of federal financial assistance, instead of a rate of return of 0.9%, I think those railroads are going to slide precipitously the other way. Moreover, the Congressional process is already under way, the chairman of the Senate Commerce Committee has indicated, as has the chairman of the counterpart subcommittee in the House, that railroad deregulation will be a priority legislative item on their desks for 1979 and 1980.

Now it's my hope and the hope of the rail industry that before the sides are drawn and positions frozen that there will be an opportunity for an informal, outside of the legislative process, informative interstate dialogue of the shipping groups. We hope to arrive at as much understanding of each other's positions as possible.

What is required is a close and continuing dialogue between the rail industry and major shipper groups like this one. And out of this process I hope the shipping public will come to

appreciate some of the reasons why the rail industry is taking the position we are, and I hope we come to a better appreciation of some of your concerns.

We hope that out of these discussions we can fashion a set of legislative proposals which will realize our goals while minimizing the risks to you in allowing you to feel that the system which is being put in place is one that you helped to structure and helped to structure with the prospect of better rail service.

The regulatory system under which we operate is still predicated on the view that railroads are the dominant mode of transportation. They aren't. Transportation has come out of the horse-and-buggy era but regulation hasn't. That is the crisis which the rail industry faces, because with that regulatory system in place, and the massive changes which have occurred with respect to alternative modes of transportation, and because of the fundamental changes which have been occurring in the U.S. economy over the last 50 years—the decline of the Northeast industrial area where railroading was built, the change in the composition of the productive side of the economy, the changes in agriculture, where agriculture and mining are now a smaller part of the GNP than 60 or 70 years ago.

All those changes have had devastating consequences for the railroad industry because the industry, frozen by regulation, hasn't been able to adjust. The marketplace is saying to the rail industry, adjust, change, restructure. But the regulatory system won't allow those fundamental adjustments to occur.

### A.A.R. Proposal

The A.A.R. proposal is an effort to deal with these problems in an open and constructive and realistic way. The heart of the proposal is pricing freedom. Under the pricing provisions, current suspension investigation procedures of I.C.C. would be eliminated as would notice provisions.

Definition of market dominance would be changed, we feel, to properly reflect competitive conditions. The current definition of market dominance is frustrating, it seems to us, since the intended reforms in the 4-R Act have taken the market dominance definition the I.C.C. has used, and given them to the best antitrust law-

yers in the country and they have reacted in horror at the way the I.C.C. has interpreted competitive policies. We have tried to fashion a definition of market dominance which is responsive to the true meaning of competitive behavior. Of course, the market dominance issue will be central in this debate over deregulation.

We would establish or permit the establishment of contract rates to grant the railroads broad contract rate freedom with only a requirement for after-the-fact notification of the essential terms of the contract. We would repeal the long-haul, short-haul clause and limit the application of discrimination sections to cases where railroads were found to be in a market dominance position.

Another very important part of the railroad proposal deals with restructuring. The A.A.R. proposal would encourage restructuring of the system through coordination projects and mergers, by liberalizing merger criteria and speeding up merger process.

We would also liberalize the abandonment process, allowing abandonments on 120-day notice where there is a showing that the line is uneconomic. We recognize the concern this raises for many, but the fact of the matter is that uneconomic rail lines are a drain on the rail system we can't afford.

But if the Congress determines, and they well might, that preserving certain uneconomic services or preserving certain lines because of national interest is important, then, fine, we don't object to that. But it ought to be a burden imposed on society at large rather than a burden on the railroads.

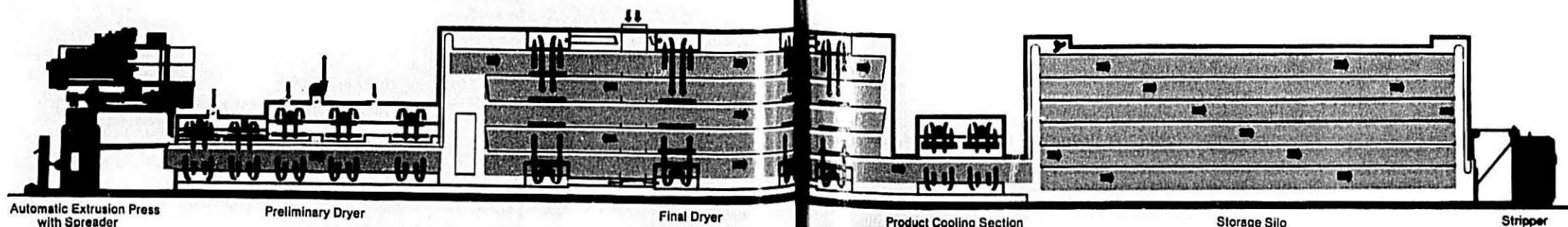
A third major element of the A.A.R. proposal is to remove I.C.C. jurisdiction over car supply. Railroad rolling stock represents about half the investment of the railroad industry and is subject now to I.C.C. regulation which often borders on the capricious, thus imposing an enormous burden on us. We feel we can manage the car supply far better than the I.C.C. can and it is only appropriate that it be a matter for railroad management discretion rather than I.C.C. decision-making.

And finally, symbolizing the railroad industry's deep and abiding commitment to changing the rules of the game and our frustration with the

(Continued on page 20)



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## Deregulation

(Continued from page 17)

current regulatory system and our deep sense of feeling that the present regulatory system can never be made to work well, the rail industry is calling for the sunset of the I.C.C. in five years. This is a five-year phase-out of I.C.C. with provision for whatever appropriate residual regulatory system is necessary to protect the legitimate interests of the shipping public.

### Administration Package

The administration has also suggested a comprehensive package. It points in the same broad direction as the railroad industry's package and is premised on the same concerns, a total rail industry which needs the ability to adjust to changing economic conditions and premised on the view that the existing regulatory system is adequate for the realities of 1980, not the realities of today.

But I must say we find some provisions to be extremely troubling. One is the Carter administration's proposal to eliminate after two years the ability to engage in general freight rate increases. It would drop the rate bureaus and subject the rail industry, it would seem to us, to enormous anti-trust exposure because of the necessity to have joint rates that compete with single-line rates. The administration proposal would also put all rail mergers under unquestionable odds, in fact calling a halt to mergers and removing the requirement for joint rates.

Now on each of these issues we think there is room for compromise. In an ultimate position, the industry may be quite different. We are faced with the need to make a smooth transition from a system of regulation which we've lived with for 90 years. We feel it simply can't be done without untold interruption in the short time-frame proposed by the administration. Our basic problem with the administration proposal is failure to recognize the necessity for an appropriate transition.

We badly need a new set of rules. The existing set of rules simply can't be made to work. There's no way the existing rules will ever yield to the rail industry the return on equity that it needs to make the capital improvements and maintain the rail system to be able to provide the kind of service the shipping public deserves. I recog-

nize your concerns and the concerns of other shipping groups. We try to be responsive to them. Certainly there are risks. But it seems to me that we have a way to lower risks, to lower difficulties, against the prospect for you and for us of the course we are on. Nationalization of the rail system or further federal ownership and control and dominance of the rail system would be a tragic disaster to you and to us.

### TASK FORCE TO REPORT ON TRUCK DEREGULATION

Truck deregulation will foster more competition, improve service and possibly lower overhead costs to industries nationwide, including the food sector.

Or, deregulation of the motor carrier industry will wreak havoc with American commerce, and could give rise to a situation in which truckers dictate exorbitant rates to food retailers.

That either of the above scenarios will be realized fully is a matter of conjecture. However, with the Administration and several Federal agencies pushing for truck deregulation, friends and foes of the plan seem to agree that profound changes are in store for industries served by motor carriers.

Debate is being stimulated by the Administration and numerous industry trade organizations, including Food Marketing Institute. They argue that traditional government regulation of the trucking industry has stifled competition and kept transportation rates artificially high.

### ICC to Comment

The Interstate Commerce Commission, which has regulated trucking since 1935 under Congressional mandate, has formed a task force to study the issue. The study group is expected to make recommendations on deregulation to the Interstate Commerce Commission by late May or June.

The White House, moreover, said current ICC truck regulations are a major culprit behind transportation sector inflation.

Last February, Brock Adams, Secretary of Transportation, speaking with apparent White House approval, told a House appropriations subcommittee that trucking regulations spur artificially high freight rates.

"Truck rates are not made in the market place; they are made collectively in the (ICC) rate bureaus. Traditionally, entry to specific routes also has been limited, and both the limitations on entry and the ability to make rates collectively result in less competition and higher rates," Adams said.

While no formal legislation has been proposed to return trucking to the free market, surface transportation hearings, held last March by Sen. Howard Cannon's (D., Nev.) Senate Commerce Committee subcommittee, are expected to result in a deregulation bill later this year.

### FMI Favors Deregulation

FMI is a staunch supporter of such a move, according to Harry Sullivan, its general counsel.

"Essentially," said Sullivan, "FMI favors deregulation, since this would remove the barriers faced by those truckers who want to enter a market."

Current ICC regulations strictly limit entry to specific routes to a few trucking firms, in order to maintain an overall "stability."

FMI and other industry associations long have maintained that this barrier prevents natural competitive forces in the market from operating to moderate freight rates.

More immediately, Sullivan said truck deregulation would go a long way to remove a major thorn from the side of the food industry—prohibition from backhauling.

Today's regulations and opinions by the Federal Trade Commission severely restrict backhauling except for agricultural commodities, which are virtually exempt from Government regulation.

Under FTC opinions, backhaul is permitted, but only a "flat rate" is granted a carrier, regardless of whether it hauls goods 25 miles or 500 miles. Under a recent ICC ruling, food companies wishing to haul their own goods must essentially establish their own trucking divisions and comply with voluminous regulations.

"This (ICC) decision is less than a year old, so we can't say for sure what its impact will be," Sullivan said. "But it's possible we'll find the red tape involved in complying with ICC rules just won't make it worthwhile for a food company to operate its own trucks."

(Continued on page 22)

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## Truck Deregulation

(Continued from page 20)

Should total truck deregulation become a reality, the FMI official said the ICC ruling would become moot. Furthermore, Sullivan said, he is hopeful that an FMI-backed bill to nullify FTC opinions—in essence, legalizing unrestricted backhaul—will pass this session of Congress.

These two actions, Sullivan said, would free the food industry to make transportation decisions for itself that would hold down distribution costs and save up to 100 million gallons of fuel a year, according to a 1975 government study.

### Teamsters' Viewpoint

However, a decidedly different picture is drawn by the International Brotherhood of Teamsters, which opposes truck deregulation.

"If deregulation takes place, trucking companies will be able to abandon entire routes that are not very profitable. The food industry and many others would then be thrown into chaos," said Bernard Henderson, the organization's press secretary.

To bolster this claim, Henderson said Sweden had abandoned truck deregulation after three years, "because it just didn't work."

Moreover, Henderson said, deregulation would permit trucking firms to give preferential price treatment to large food concerns in select metropolitan areas, to the detriment of those in other areas of the country. "If you have a small grocery in, say, Iowa or West Virginia, now you have access to the same rates that a giant grocery has in The Bronx or Chicago," Henderson said.

"But with deregulation" the small food store, even in a large metropolitan area, would be virtually at the mercy of truckers who serve them, and at a price they couldn't long afford.

"This would destroy planning, and possibly could put small food companies out of business," Henderson stated.

The Teamster spokesman said a study of regulated and nonregulated truckers by a Harvard University faculty member showed nonregulated truckers have three times as many accidents, and drive faster than those who drive trucks for regulated fleets.

"I say that deregulation will literally lead to carnage on the highways,

and certainly to excess fuel consumption," Henderson said.

He believes freight rates would increase under deregulation, as they have with the airlines after the Government loosened controls over that industry. "There are 39,000 communities in this country which have no other means but trucks to have goods delivered to them." They are the ones that would have no choice but to pay the anticipated higher freight rates.

Regulation has worked to keep trucking costs down, Henderson said. Since 1969, the overall wholesale price of goods has climbed 94%, while trucking costs per ton-mile have risen 59%, he said.

"In short, deregulation will lead to enormous consolidation, as those (trucking companies) who can get the most profitable routes will squeeze out those that can't.

"This has happened in Australia, which now has only two major shippers left, and the highest shipping costs in the world," Henderson said.

FMI's Sullivan contested the Teamsters' bleak predictions, saying deregulation would "work" if ICC required trucking firms to publish their rates. He said that would foster competition.

"Actually, I think we would end up with more (trucking) companies, rather than fewer," Sullivan said. "For, once entry restrictions are removed, it would be easier for the small, individual entrepreneur to serve a market and compete with other companies for routes and prices."

Today, he said, ICC regulations virtually require a trucking firm to spend millions of dollars to buy out another trucking company in order to acquire a new route.

### Backhaul Back to Congress

Growing support from both consumer groups and the Administration has food industry officials ready to strike again for one of their top legislative priorities—backhaul allowances in 1980.

Behind the scenes, food industry lobbyists are working quietly to reintroduce a backhaul bill on Capitol Hill. This is essentially the same bill that died in committee in the last Congress.

Again, their strategy will be to rally

consumer support for the measure. They plan to show how backhaul allowances would save up to \$30 million on the cost of food.

"We could have had a bill in 1976 when the new Congress opened," said Harry Sullivan, Food Marketing Institute counsel and transportation expert. "But the game plan is not just to get a bill. We're taking other steps, talking with people who might oppose us to meet their objections as much as possible, and working to increase consumer support."

However, as backhaul supporters begin counting on Administration and consumer support to lend muscle to their proposal, they also are working hard to steer clear of legislative horse trading.

A backhaul coalition—including FMI, the Cooperative Food Distributors of America, the National Association of Retail Grocers, and the National-American Wholesale Grocers Association—is quietly maneuvering to sidestep White House pressure to include backhaul as part of an overall trucking deregulation bill.

One of the Administration's strongest advocates of backhaul, Esther Peterson, director of the Office of Consumer Affairs, and President Carter's chief consumer strategist, said "I am working for it, but I think it should be part of trucking deregulation, tied to the inflation area to keep down the price of food," using the Government's wage-price stabilization monitoring program.

### Industry Position

The industry position might have been summed up best by NARGUS counsel, Henry Bison, who disagreed with Peterson. "I certainly understand why the Administration wants to combine it because they're very strong on trucking deregulation." The problem is, however, that the backhaul coalition, itself, does not necessarily favor the trucking deregulation bill and would instead prefer separate backhaul legislation tailor-made to meet their own set of specific desires.

"Combining it would give the Administration excellent support from backhaul advocates on the issue of trucking deregulation, but that has some arguments against it. For example, deregulation could reduce service in many areas and communities, increase transportation costs and encourage geographical discrimination

and other abuses," Bison said. "Backhaul is definitely a separate issue not connected with trucking deregulation, which deals with the Interstate Commerce Commission regulations of truck alignment, economies of trucking and new entries into trucking."

FTC Commissioner Michael Pertschuk argued that backhaul allowances under so-called "uniform delivered price systems" would be in violation of the Robinson-Patman Act. He opposed backhaul allowances which would tie price reductions to the length of the trip, when all delivered prices for a product were identical.

NSBA also opposes differential backhaul allowances based on the length of the trip, arguing that such differentials would hurt both the small grocer and the small manufacturer.

FMI sees little hope of assuaging FTC. It believes the NSBA purposely delayed discussing the matter last year, thereby successfully killing the bill.

Instead, food industry officials now are working to strike a compromise with NSBA.

### NSBA Opposition

NSBA opposition hinges on the fear that large chains will get big price breaks for long distance loads, while the small chains will end up paying the differential.

NSBA, like FTC, opposes pricing backhaul allowances according to distance traveled, with lower prices for long distances. Instead, NSBA wants to eliminate all pricing differentials based on distance. "What will end up happening is chains like Safeway will get big price breaks, while small chains could end up paying the difference," said an NSBA lawyer.

FMI wrote NSBA in March, asking it to reconsider. "There should not be a class of favored purchasers, favored primarily because of their size and consequent influence and negotiating power, vis-a-vis the seller," NSBA responded.

"When the remoteness of the producer is factored into price or cost equations, we continue to feel that this would give rise to opportunities for rather bizarre pricing patterns, patterns that could readily be most disadvantageous to the small purchaser" the NSBA lawyer said.

NARGUS strongly disagrees. "If the bill would hurt small grocers, NARGUS would never support it. NSBA is worried that pressure brought by large buyers will result in discriminatory allowances. But the bill specifically states that the manufacturer has a choice on whether to allow backhaul, and that any allowance to one customer must be offered affirmatively and functionally to all others. If that's not done, then it's a violation of the law," said the association's spokesmen.

"If distance isn't figured into cost, then manufacturers won't find it financially profitable enough to offer backhauling to anyone," he said.

### Minimum Wages Scheduled to Rise

President Carter has decided against asking for any postponement, and no hearings on the matter have been scheduled this year by either the Senate Labor and Human Resources Committee or the House Education Labor Committee. Additional hikes thus seem almost certain to go into effect as planned, Congressional aides said.

The minimum wage was \$2.30 an hour as recently as 1977, but rose to \$2.65 on Jan. 1, 1978; then went up to \$2.90 this past January. It's scheduled to rise to \$3.10 next January, and then to \$3.35 at the beginning of 1981.

The AFL-CIO and other labor organizations said it's only fair that lower-paid workers should have their hourly earnings increased in this manner—to enable those at the bottom of the socio-economic ladder to survive the ravages of inflation.

But FMI and various business groups view the situation differently, arguing that the scheduled minimum wage hikes—far from helping underpaid workers cope with inflation—only make the inflationary spiral worse by increasing the costs of doing business and forcing firms to raise their prices.

### More Unemployment?

Business organizations further argue that raising the minimum wage would result in a higher unemployment among unskilled or semi-skilled laborers, because the value of such persons is not sufficient to warrant their retention on company payrolls when the hourly amount they must be paid rises too much.

According to a study published last fall by the Federal Reserve Bank of New York, boosts in the minimum wage tend to hurt marginally productive workers "whose productivity is below the hourly wage floor."

In the words of the study: "If the minimum wage is raised above the pay level consistent with a worker's productivity, employers respond by reducing their payrolls."

The study estimated that when the minimum wage was raised to \$2.65 an hour, it added a full percentage point to the unemployment rate among the nation's teenagers, and three to four percentage points to the jobless level of black teenagers.

Regarding the inflationary effects of boosting the minimum wage, the Labor Department estimated that last year's increase to \$2.65 directly added more than \$5 billion to the annual wage bill of the U.S. economy.

The "ripple effects" of minimum wage hikes are even greater, the Labor Department said, because frequently a boost in the minimum results in an across-the-board upward adjustment in the pay schedule for all or most other workers at a company, rather than just those at the bottom.

### Impact on Food Industry

The food industry is particularly affected whenever the minimum wage rises, as is indicated in a new survey by the National Association of Retail Grocers.

When the minimum wage rose to \$2.90 last January, 93% of grocers surveyed reduced the number of hours their employees worked. An even larger proportion, 96%, trimmed the number of overtime hours their people put in, said NARGUS.

Nine out of 10 operators surveyed by NARGUS said the latest minimum wage hike had forced them to raise consumer prices, and almost as many said another side effect was installation of additional labor saving equipment.

The survey also supported the contention that raising the minimum wage results in pay hikes for higher paid employees as well. Asked if increases for other workers are necessary whenever the minimum rises, 88% of those polled said that was indeed the case.

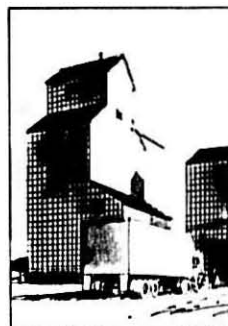
Despite the widespread belief on Capitol Hill that legislative efforts to

(Continued on page 26)





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Peavey and pasta makers. Working together ... partners in profit. Milling of Semolina and Durum flour isn't a sideline with Peavey. We're more in the total people feeding process than most suppliers to the pasta industries ... from field to table. Peavey is a leading supplier in both quality products and production capacity for service to customers' total needs. We've been at it over 100 years. And we believe our future growth depends on helping our pasta manufacturers grow.

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Sales Offices: ...



## Minimum Wages

(Continued from page 23)

delay further minimum wage hikes are doomed to failure, a number of conservative lawmakers with close ties to the business community, are backing a bill to impose a temporary moratorium on such increases.

For example, Rep. Doug Barnard, Jr., (D., Ga.) has introduced a bill in the House to defer the scheduled 1980 increase for two years. He claims to have lined up over 100 supporters thus far, though it should be noted that this falls far short of the number needed for a majority in the 435-member chamber.

A similar bill has been introduced in the Senate by John Tower (R., Tex.)

## The Need for Productivity

A company can't order productivity—which has declined in relation to wages over the past 10 years—it has to be earned said Peter F. McGoldrick, president and chief executive officer at Acme Markets.

"There are two ways to improve productivity—scientifically (with machinery) and with the cooperation of workers, who must be convinced that it is in their own interest to be more productive," he said. McGoldrick, in accepting the Enterprise Award of the Area Council for Economic Education in Philadelphia said that while "there is ample evidence that people, including the young, understand this need (for increased productivity) it is up to business to get the message across."

"Unfortunately," he added, "we have become accustomed to instant solutions. Television, in particular, has conditioned us to expect an immediate analysis of the President's speech, instant replay in a football game and fast relief from headaches. We expect inflation to be controlled quickly, too."

### Return to Former Levels

McGoldrick would like to see a way to return American industry to levels of the late 1940's, the 1950's and the early 1960's. "If we can get output per hour worked rising again—then businesses can raise wages and salaries without having to boost prices proportionately. Otherwise, if wage and wage-related costs scoot up faster than production, offsetting price hikes cannot be avoided for long—and this

is a certain way to continue our high inflationary levels.

"We simply have to do much better than we have been doing. This is a prime challenge to both management and labor—if we're going to get the American economy back on the track toward satisfactorily improving our standard of living. The first step lies in recognizing some of the things that—as a nation, as business leaders, and as labor leaders—we can do to stop the mindless suppression of business investment, and to start meaningfully boosting productivity. It is to everyone's best interest—even to our survival—to do so."

"While it's not unusual for productivity to vary from year to year during economic cycles, as a cycle bottoms out the productivity rate usually drops, and drops sharply—because businesses generally don't lay off workers as fast as the business slumps. Conversely, in the early stages of a recovery, productivity usually climbs sharply—since the learner work force inherently produces at greater efficiency."

### Thirty Year Slide

McGoldrick's concerns, however, go beyond normal year-to-year variations. "My concerns span the past 30 years of American industry, because our experience during these years suggests that something fundamental has been going downhill in the American economy, and all of us should care and worry about it!

"It demands that we dissipate a lot of the political hot air that is blowing in our country today on the subjects of prosperity and the many social programs that compete with each other in an unrealistic effort to get more done faster than we can legitimately and intelligently do so.

"It is another established, historical truth—that productivity is the key to better living for America. Wage increases that are cancelled out by rising prices help nobody! The equation is not really complicated: increases in wages (and other related costs) minus productivity equals inflation.

"Whether we like to face up to it or not, over the past 30 years, the excess of wage increases over productivity have directly paralleled our nation's inflation rate with a terrifying consistency—within one-tenth of a per cent.

"This is an area where management and labor leaders must address themselves—to what has become a common problem for both.

He noted that cherished personal freedom and the free enterprise system are inseparably intertwined, which he said his father—"and perhaps half dozen other men and women, all of whom emigrated to the United States—helped me to learn."

McGoldrick, who started in the retail food business while in the 6th grade, recalled that "because of their limited formal education, only one of these persons could enunciate that thesis with clarity."

## Productivity Slump

Some of the most quoted statistics often are the most ignored. Dr. Jack Carlson, chief economist of the Chamber of Commerce of the United States, points out that the U.S. rate of productivity growth fell from an average of 3.2 percent from 1947 to 1967 to 1.6 percent in 1967-77.

Is this money out your pocket? It sure is. Says Dr. Carlson: "If productivity growth had not slowed the last 10 years, more than \$300 billion of additional goods and services would have been produced annually, equivalent to a \$5,000 increase in average family income each year."

## Food Labeling

There are growing indications that Congress and the Federal agencies in the next year or so will promulgate new food labeling requirements.

The Food and Drug Administration reports it will get started this spring with the consideration of tougher labeling standards when it issues a series of position papers on food labeling problems.

Congress may also approve this year or early next year—a measure mandating new labeling requirements.

The staffs of the Senate Human Resources Committee and the House Interstate and Foreign Commerce Committee, however, are expected to wait until FDA issues its position papers before considering possible hearings on food labeling bills which have been introduced or will be introduced.

The staff of the House Health Subcommittee rules out any chance for (Continued on page 28)

THE MACARONI JOURNAL

# ASEECO

## BUCKET ELEVATOR

The Versatile Bucket Elevators with Space-Age Design-San-Plas Buckets (Polypropylene) FDA approved, Sanitary Delrin rollers on chain—reduce friction and wear. Pre-lubricated chain bushings where lubrication is not possible. Sectionalized uni-frame construction permits easy changes in height or horizontal run—allows for ease in cleaning and inspection. Available as standard with conventional frame or sanitary open tubular frame design. Capacities to 4000 cu. ft./hr. Write for Bulletin CAL-50



DELIN ROLLERS



roll on tracks instead of sliding thereby reducing friction and wear.

USDA APPROVED OPEN TUBULAR FRAME POLY-STAINLESS OR ALUMINUM

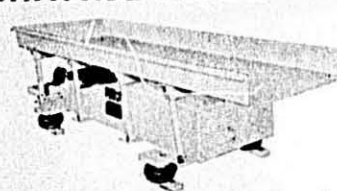


Floor Hopper, Feeder and Lift elevator for feeding overhead hoppers.

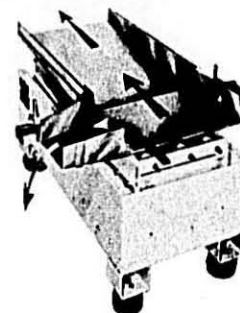


Tubular sanitary open frame model permits easy inspection and cleaning. Also available in complete stainless steel construction.

## VIBRATING CONVEYORS



Vibrating Conveyors: Ideal for conveying materials gently without breakage. One piece stainless steel trays which are self cleaning meet the most stringent sanitation requirements. All units utilize corrosion free "Scotch Ply" reactor springs which can be washed down plus simple maintenance free positive eccentric drives. Capacities of up to 2500 cu. ft. hr. with lengths over 60 feet.



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bulletin cvc-30

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FOR "NON FREE FLOWING" ITEMS SUCH AS: potato chips • cereals • cookies • snacks • pet foods • frozen foods

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"Processed product is delivered to a surge storage (hopper or ball type) which is the main product reservoir. Upon the demand on any discharge station in the Modu-Tran distribution system, product is instantly delivered at that station. During the delivery cycle, the surge reservoir automatically replenishes itself with product for the next cycle."

**MAJOR ADVANTAGES IN OPERATION:**

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## Food Labeling

(Continued from page 26)

passage of a comprehensive moderate food regulatory bill in the 96th Congress, but said a moderate food labeling bill may be approved.

It was pointed out that the subcommittee would be busy for a few months on legislation extending eight health and environmental programs. Then it will take up hospital cost containment and drug reform legislation.

Food Marketing Institute has not taken a specific position on food labeling, because no comprehensive bill has yet been introduced. The association takes the view, however, that a voluntary program would be preferable to a mandatory one. FMI would like to continue open dating, but likewise on a voluntary basis.

The Grocery Manufacturers of America said it favored any change in food labels which could be demonstrated to be truly beneficial and understandable to consumers, and which would be justifiable economically. It said it would warn Congress not to act in a peremptory fashion because FDA is just completing a multipurpose food labeling study. GMA said the results of the study in which FDA and the Federal Trade Commission had joined, "should give us a reasonable perspective on what consumers want."

### Hearings Held

A long series of public hearings were held by FDA and FTC to determine how consumers felt about food labeling.

In evaluating the testimony of those who appeared at those hearings, FDA said mandatory ingredient labeling of all food is the change most frequently asked by consumers. FDA now cannot require ingredient labeling on standardized foods.

"Although ingredients now must be listed in descending order of predominance, many consumers want labels to clearly state this fact," FDA said.

"Many consumers also want percentage labels for certain ingredients such as salt and sugar. Some ask that each major ingredient should be listed by the percentage of total weight."

Some form of mandatory open dating was strongly supported for all food, with the possible exception of produce. There was no consensus,

however, on the kind of dating that should be required.

FDA said many consumers feel the present nutritional labeling is inadequate and favor a better graphics format.

Many want to change the emphasis from vitamin and mineral information to such facts as the number of calories; a breakdown of fats into saturated and polyunsaturated, and a list of carbohydrates, cholesterol, protein, potassium and fiber content.

Consumers support the need to regulate food fortification, but there seems to be a divergence of opinion about which foods should be fortified and at what levels. Many said the so-called "junk foods" should not be fortified with isolated nutrients to make them appear more nutritious.

### Confusion on "Imitation"

The comments indicate consumers often are confused by what is meant by "imitation foods." Under FDA regulations, a food that resembles another must be called "imitation," if it is inferior in nutrition to the food it imitates. Many consumers would like either a new and different name on the imitation foods, or a clear explanation as to how they differ from traditional foods.

Some consumers believe standards of identity should be eliminated for some or all food products. Concern was expressed over standards that require ingredients some consumers think are unwanted, such as sugar in ketchup.

### Periodic Review

Several consumer groups called for a periodic review of food standards.

Concerning the food label itself, consumers want the information to be simple, readable and in a consistent location.

Ellen Haas, director of the Community Nutrition Institute's consumer division, said her organization was working with the staffs of Sen. Edward Kennedy (D., Mass) and Sen. George McGovern (D., S.D.) to develop a comprehensive food labeling bill, which would include mandatory ingredient labeling for all food; percentage-of-ingredient information, and a declaration of additives. She said she expected a labeling bill to be introduced in the Senate and then move to the House.

## It's a Changing World

Murray Raphael and Raymond Cassidine presented "Too Many It's in Too Few Minutes" at the Food Marketing Institute convention. Here are highlights:

Mr. Raphael says: "The food industry is undergoing dramatic change."

"What's happening today is a reflection of a changing consumer with different people demanding different things. One of these trends, for example, is the working woman who now represents 49% of all female shoppers. Her demands for convenience and for one-stop shopping is being reflected in new store formats and products."

"These responses to consumer demands has produced the Sectional Revolution with the industry breaking up into different types of retailing formats. The super market is no longer representative of the industry any more than the convenience store, the warehouse store, the limited assortment store or the super store are representative."

"And within these stores," Raphael continues, "this Sectional Revolution has produced different kinds of stores within stores. Pathmark ran a big ad that we're using in our show, illustrating this trend. In effect the ad said, 'There are 12 stores in our store. We have a bakery store, a deli store, a meat store, a produce store, etc.'"

"The Sectional Revolution occurred in the ready-to-wear industry many years ago. In a parallel situation that industry split into discount stores, small specialty shops and giant department stores. And within many of those formats, the stores-within store concept also emerged."

### The Human Touch

As supermarkets have become larger and more efficient, they also have tended to lose the human touch. Restoring that friendliness, so characteristic of stores in the food industry's early development, is important to success today according to Raphael.

"Today's customer," Raphael says, "is telling us, 'I don't want to be a computer number. I want to be treated as a person!' A good independent operator, located about 20 miles from where I live, does a big business. Part of his secret is that he treats his cus-

(Continued on page 30)



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### It's a Changing World

(Continued from page 28)

tomers like friends. He'll stand by the entrance and greet everyone with remarks like 'Hey, how you doing?' or 'Hi, how was that meat you bought last week?' or 'How are the twins doing?' It's great and it produces results!

"One super market I know of," says Raphael, "used this to good advantage in their advertising. Under a photograph of the store's meat department manager was the caption, 'Al owns the store but I'm Joe and I run the meat department. And if you have any requests or questions, come see me!'"

"Once I was in a drug store," Raphael recalls, "and this little old lady was buying all these things that she could have gotten cheaper next door at a discounter. Since she obviously was living on a limited budget, I asked her why she shopped here where prices were higher. She said, 'I come here because they say hello to me!' Wow! The message is so strong that I say, 'Wake up people!'"

#### Motivating Employees a Necessity

But Raphael stresses that he does not believe that most stores can get this kind of employee-customer relationship unless store personnel feel involved with the business.

He says, "Stanford University did a study of employees and asked about aspects of their job that they ranked as most important. Of course the list included things like higher wages and good working relationships. But number one was the importance of their feeling part of the business and its operation. To achieve this feeling, we must encourage an emphasis on the first person plural. That is, instead of them versus me, it must be we, not my store, but our store.

"When I go through my own store and I hear an employee say 'we think,' I just feel great. When merchandise comes into my store, we have a meeting. We discuss why we bought it and why we think it's good. The importance being placed on getting employees involved in the operation is another indication that the food industry is finding itself going full circle, returning to the basics that produced success for the industry in the beginning.

Adapting to a Changing World  
"In today's world," says Raphael,

"doing about the same as last year is saying that you're going backwards. If the food markets of tomorrow are going to advance, they have to be sensitive to the fact that life is constantly changing around them.

"If you think that there hasn't been a good bandleader since Glenn Miller or a good songwriter since Hoagy Carmichael wrote 'Stardust,' then you're not paying attention to the whole new generation that's growing up all around.

"You have to have your antenna up there, receiving those shock waves that tell you what the consumer wants. You may think that you can open up a store and carry any merchandise you like. But if you're going to make it, you're going to carry what they want, not just what you like."

#### Independent Grocer Cuts Overhead

Cutting overhead is the secret of an independent's survival in the supermarket business in this period of inflation, according to Jack Henderson, President of Smiling Jack's Markets, Bartow, Florida.

The firm operates six supermarkets, four superettes, and four convenient stores. The supermarkets range from 8,000 to 18,000 square feet, with three of them in the larger range. They are located in small towns in Florida in predominantly rural areas where buying or leasing costs and taxes are considerably lower than they would be in urban areas. Also, there is less competition from large chains.

Henderson has found the greatest money saving opportunities in opening a store are to be found in a location previously occupied by another supermarket and in opening with used equipment. The secret of operating with used equipment is to put new compressors into it right at the start. By putting new expansion valves in refrigerator cases and by using new compressors most of the potential problems are eliminated.

Going into a previously occupied location demands a complete cleanup job.

There are other ways to save overhead besides choosing old locations and used equipment. Henderson takes his store managers to seminars on energy conservation and employee productivity. "We haven't been

spending enough time making out work schedules, and this is the most expensive part of the operation. Instead of scheduling people, we are now scheduling hours.

"By training our people for specific job duties, we are getting better productivity. Increased pay alone does not increase production. By improving job skills and motivation, more work can be accomplished."

#### Wright Machinery Exhibits at Macropak '79

Rexham International, Inc., Wright Machinery Division demonstrated one of its most versatile form/fill/seal packaging systems at Macropak '79 in Utrecht, Netherlands, May 14-19.

The WREX 9-18 with auger was chosen for demonstration purposes from among the firm's extensive line of packaging systems. Other WREX form/fill/seal models have volumetric fillers or net weighers. They package dry, free flowing products in bags ranging in size from 2 inches to 16 inches in width and from 4 inches to 24 inches in length.

Rexham's Wright Division also supplies the food industry with rotary net weighers and modular inline fillers for packaging a variety of products in jars, cans, and cartons.

Representing the firm at Macropak '79 were Martin D. Cicchelli, Vice President Sales; Bobby Thomas, International Sales Manager; and James Cooke, Service Manager. Automatic packaging systems are now operating in 24 countries in North and South America, Europe, and Asia. The firm dates to 1893 making it the oldest packaging machinery firm in the United States.

#### Details Available

Details on the firm's Macropak '79 machine and other packaging systems can be obtained from Bobby Thomas, International Sales Manager, Rexham International, Inc., Wright Machinery Division, Post Office Box 3811, Durham, North Carolina, U.S.A., 27702 TWX 5109270925. Telephone (Area Code 919) 682-8161.

Macropak '79 is organized by the Royal Netherlands Industries Fair, Utrecht, under the auspices of the Netherlands Packaging Centre, which is affiliated to the European Packaging Federation.

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## Rating Spaghetti

Consumer Reports, a publication of Consumers Union, June issue, carried a rating of 26 brands of spaghetti and 14 brands of linguine evaluated for taste, texture, and other sensory characteristics. These characteristics were firmness, resiliency, chewiness, starchy, flour taste, gummy, slightly chalky, wheat flavor, egg flavor, farina flavor, cardboard flavor, sour-grain flavor, flavor of woody vegetables, salty, off color described as beige or gray. We are not sure how all these flavors were discerned but they are in the listing.

### Texture

The greatest differences were in texture. When cooked al dente, by which the Italians mean firm to the teeth, pasta should be firm and resilient (it should hold its firmness a bit, and not become mushy). It should tear, not mash, during chewing. The spaghetti we bought freshly made from a specialty food store and the imported De Cecco had the appropriate texture. The domestic supermarket products were generally softer.

"Among the brands judged very good, De Cecco spaghetti and linguine and the freshly made spaghetti came very close to being excellent. A few American-made products—San Giorgio and Ann Page spaghetti, and Pasta Romana and San Giorgio linguine—were in the very good group.

"Most of the domestic pastas were rated good. Among that group was our home-made spaghetti, which was disappointing. It didn't tear between the teeth, was rather starchy, and left a chalky mouth coating. We used flour and water to make the dough. If we'd added egg (not used in the commercial products we tested), we think the results would have been better.

### Nutrition

"Pasta is often used as a main dish. So our nutritional information is based on what we consider a main-dish serving—10 ounces of cooked pasta.

There were very few differences from product to product. Overall, pasta is a nutritious meal, especially when you add spaghetti sauce. But even without added sauce, the tested pastas supplied plenty of protein—

an average of 38 per cent of the National Academy of Sciences/National Research Council's Recommended Daily Allowance for a woman (equal to 31 per cent of a man's RDA, and 48 per cent of that for a child 7 to 10 years old).

The cooked pastas averaged 34 per cent carbohydrates. Calories ranged from 391 in San Giorgio linguine to 573 in Skinner linguine. The average of all the pastas was 473 calories. Used as a side dish, like potatoes or rice, 3½ ounces of the average pasta would supply about 167 calories. A half-cup portion of rice has 94 calories. And a medium-sized potato has 93.

Most of the calories are supplied by the carbohydrates. Fat content in all the products was negligible.

All the pastas supplied at least one-third of a woman's RDA for thiamin. Most provide about 33 percent of the RDA for niacin and riboflavin.

### Sodium

The supermarket pastas' sodium content ranged from a low of 179 milligrams (R.F. spaghetti) to a high of 890 milligrams (La Rosa linguine) per 10-ounce serving. The variations in sodium content are mostly attributable to variations in manufacturers' cooking instructions. Labels call for adding anywhere from three to six quarts of water for a pound of spaghetti or linguine, and from two-thirds tablespoon to three tablespoons of salt. The greater the concentration of salt in the water, the greater the sodium content. Some of the pastas apparently absorbed more of the salt than others, another reason for the variations in sodium content.

Cooked without added salt, pasta's sodium content is low. Mueller's spaghetti contained 35 milligrams per serving. Ronzoni had 13 milligrams, and Buitoni had 30 milligrams.

When we analyzed the pasta cooked with added salt but rinsed before serving, we found that rinsing reduced the sodium content by a bit more than half. Rinsing the pastas had little effect on most of the nutrients, we found, although it did somewhat reduce the levels of thiamin, riboflavin, and niacin.

### Spaghetti Sauces

All spaghetti sauces should have a cooked-tomato character, with a sug-

gestion of herbs, spices, and onion or garlic flavors and aromas. The overall flavor and aroma of meat or meat-flavored sauces should be influenced by meat. Mushroom sauces should have well-defined mushroom character. An excellent sauce should be a bit salty and have a slight peppery tang.

Not one tested sauce completely lived up to those standards.

Twenty-three of the commercial sauces were rated good. Of those, only the various Ragu brand sauces received a consistently high rating.

Our consultants downrated sauces because of various defects. Some products lacked the proper flavor and aroma. Others were too spicy. A number were too sweet. And some were too starchy. Most of the products were downrated because of their tomato flavor: Instead of tasting like cooked tomatoes, the sauces tasted like tomato soup, tomato paste, over-processed tomatoes, or dehydrated tomatoes. Most of the mushroom sauces lacked the proper mushroom character. And some of the meat sauces had no meat character at all.

### Comparing Meals

Spaghetti and salad has 657 calories, 9.6 grams of fat, 118 grams of carbohydrate, 1620 mg. sodium, and cost 73¢ per serving.

Hamburger and vegetables had 603 calories, 33.2 grams of fat, 24 grams of carbohydrate, 890 mg. sodium, and cost 78¢ per serving.

We compared two meals, a spaghetti dinner and a typical meat-and-potatoes dinner, to see what each offers nutritionally.

We found a wealth of protein in the meat-and-potatoes dinner—early twice as much as that in the spaghetti meal. But the spaghetti dinner still has sufficient protein to be an excellent main dish: It supplies one-half the National Academy of Sciences/National Research Council's Recommended Daily Allowance for a woman. (It would supply about one-third of a man's RDA, and about one-half the RDA of a 10-year-old child.) However, the protein in the spaghetti dinner is mainly vegetable protein, which is of somewhat lower nutritional quality than the protein in the meat dinner. To improve the protein quality in a spaghetti meal, you can sprinkle Parmesan or other cheese on top, or have a glass of milk with the meal.

Both cheese and milk supply amino acids that will complement the pasta protein and make it higher in quality.

If you're concerned about fat consumption, the spaghetti dinner is the better choice of the two. It contains about one-fourth the fat of the meat dinner. And it has only about 5 per cent more calories.

Another significant difference between the two dinners is in the sodium content. The spaghetti meal—which includes a sauce whose sodium content was about average for the sauces tested—has almost double the sodium of the meat meal. That's more than half a teaspoonful of salt. Of course, you could reduce that high level in some measure by cooking the spaghetti without added salt, or by using one of the sauces with a low sodium content. (As the Ratings show, the sodium content of the sauces ranged from about 450 milligrams to about 1500 milligrams.)

Even without spaghetti, the sauces were fairly nutritious. Like tomatoes, they were high in vitamins A and C; they contained some B vitamins. Tomatoes are also a good source of potassium. The potassium content in a ¼-cup serving (six fluid ounces) of the thick spaghetti sauces averaged about 935 milligrams. In the thinner sauces, it was about 688 milligrams.

## Restaurant Employee Attitude Study

The following are highlights of a 1978 study conducted by System For Human Resources, Inc. and sponsored by Nation's Restaurant News. Three hundred and fourteen foodservice units employing 18,000 people were surveyed with responses received from 144 units employing 13,500 people. 79% of units surveyed indicated positive sales trends in 1978 and 76% of the surveyed units had positive profit trends during same period. 5% of units are unionized. 76% of units utilize a formal employee performance appraisal. 68% provide training for hourly employees and 76% provide training for supervisory employees. 50% have a career development program. 32% utilize an employee suggestion system. 83% train managers to use their own discretion. 19% of hourly employees surveyed and 65% of the managers plan careers in food-

service. . . 45% of all employees surveyed have less than 13 years of formal education 44% have between 13 and 16 years and 11% have more than 16 years of formal education. . . The highest levels of employee satisfaction were found in budget steakhouses, followed in descending order by fast food, full service, coffee shops, family restaurants, hotels and cafeterias. . . Employees in non-union restaurants are more satisfied with all aspects of their jobs except the work itself. . . The higher the level of education, the lower the satisfaction of foodservice unit managers.

## Eating Place Highlights

Modest growth in sales for eating places in 1979 showing a slight decline from 1978 gains due to a consensus among forecasters that an economic slowdown or mild recession is in store for 1979. Eating places sales rose about 11.4 percent in 1978 vs 11.3 percent for 1977. A gain of 11 percent is forecast for 1979. Rising food and labor costs caused menu prices in 1978 to outpace 1977 prices—9 percent vs 7.6 percent. Real eating place sales, discounting for price increases, were up close to 2.5 percent in 1978 compared to a 3.7 percent gain in 1977 and 4 percent in 1976. For the first time since 1973, increases in restaurant menu prices were below those for grocery stores—9 percent vs 10.5 percent.

## Family Style Dining, Hit in School Lunch

Indian Mounds Elementary School, Bloomington, Minnesota tests family style dining and the children think it is "great." Two children, acting as host and hostess, set out a plate, fork and napkin at each place. They wear name tags announcing they are "host" and "hostess" for the meal. After estimating the amount of food, they bring the food to the table in serving bowls, the children help themselves and pass each bowl on. The students like the system because they can take their own helping and if they don't like the food they only have to take a small portion. They also like the idea of being hosts and hostesses. This concept has operated for one school year and the enthusiastic reaction from faculty, foodservice workers, parents

and children is proof that its huge success has probably made Family Style Dining a permanent fixture at Indian Mounds. "The nutritional and educational aspects of this concept teaches children cooperation, helps them accept responsibility and promotes good eating habits," school principal, Pansch said. In addition, they learn social manners, how to set a table correctly, how to serve meals properly and how to clear the table at the end of the meal. Personal involvement of the children makes for both educational as well as nutritional benefits!

## Lipton to Acquire Lawry's Foods

The Anglo-Dutch Unilever group said its Thomas J. Lipton Inc. unit will acquire Lawry's Foods Inc. of Los Angeles for \$66.2 million.

Unilever said the boards of both U.S. companies have approved the merger of Lawry's into a subsidiary of Lipton, subject to approval by Lawry's holders at a special meeting July 6. Terms call for payment of \$43.75 for each of Lawry's 1,514,194 common shares outstanding.

Richard N. Frank, president of Lawry's, and five members of his family who together hold 44.5% of the company's shares, have agreed to vote their shares for the merger, Unilever said. It added that the six family members have also assigned to Lipton their rights of first refusal on a further 13.5% of Lawry's common.

Lawry's makes bottled seasonings, packaged seasonings and sauce mixes, and a line of Mexican foods. Lipton produces tea, soup mixes and other food products. Unilever produces a wide variety of household goods.

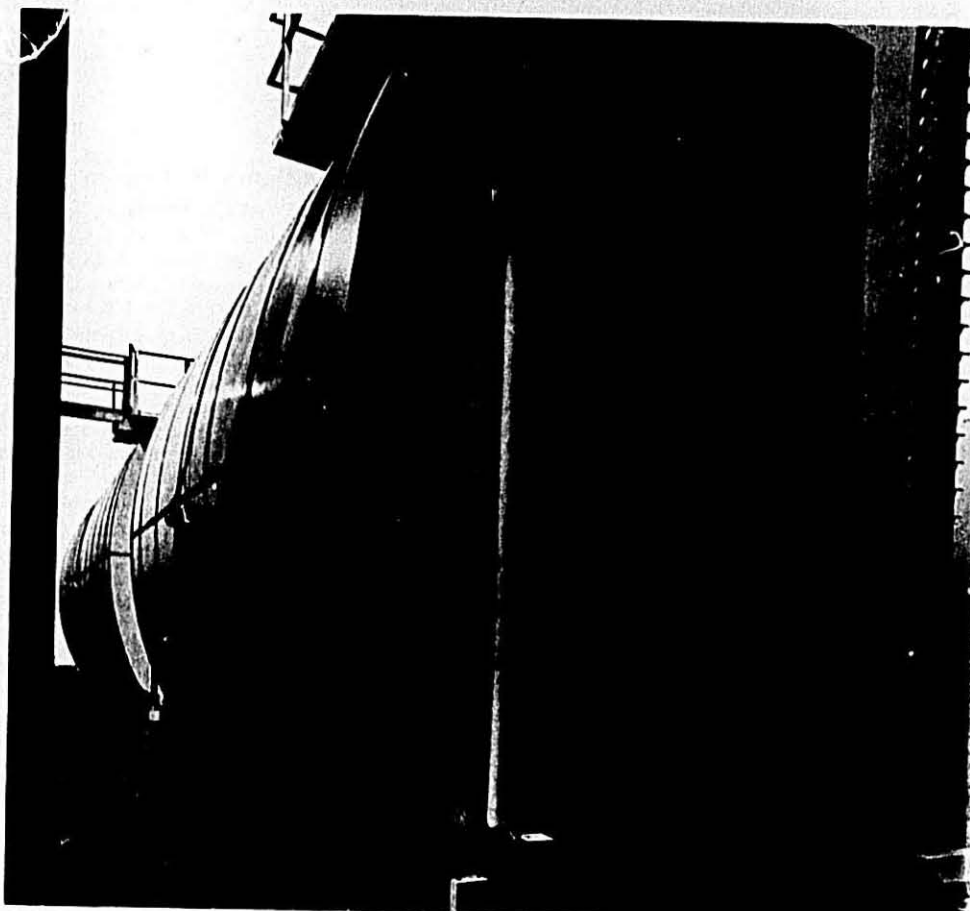
Lawry's had 1978 net income of 3.4 million on sales of \$70 million, with 85% of sales in the U.S. and the rest in Canada, France and Mexico. The Los Angeles company had 1979 first quarter net income of \$1 million, up 43% from year earlier. Sales rose 11% to \$18.5 million.

The most important sources of carbohydrates in the diet comes from plants: cereals and grains (wheat, corn, oats, rice, barley) and fruits and vegetables.



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Doors are in front panel for product control during operation. They also give easy accessibility for weekly cleanouts. Swing-out side panels extend entire dryer length, allowing fast cleanout and service.

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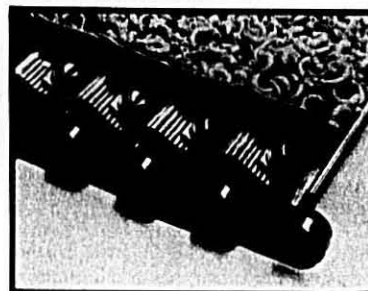
High drying temperatures, in combination with ideal drying time, increase cooking quality of final product.

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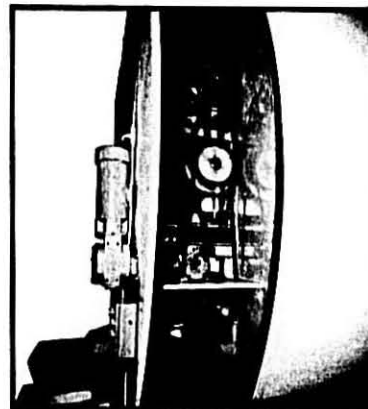
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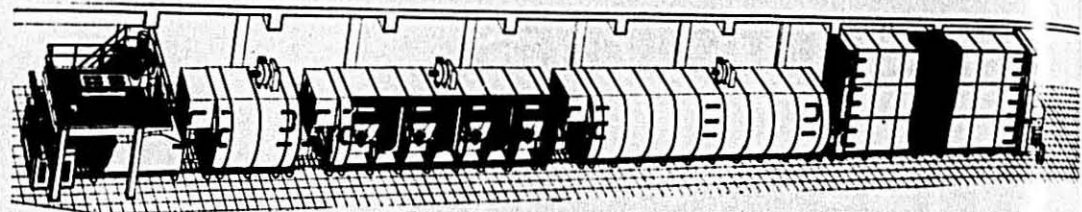
Each dryer is equipped with two drive stations. Special safety device protects drives. Gearmotors mounted outside panels for long life and easy service. AC or DC variable speeds. Standard U.S. built drive components.



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### 75 Years of Macaroni Machinery Construction By Buhler

From Diagram 67

In April, 1903, an office for handling the construction of macaroni machinery was opened by Buhler in Uzwil. It was possible to deliver the first machines in the course of the following year. At that time, the manufacturing program included the following machines: batch mixing and kneading equipment, Chile mills for kneading dough, macaroni presses with hydraulic rams (either horizontal or vertical), pump assemblies and high-pressure accumulator systems, as well as static dryers.

In 1905 the first horizontal ram press of the KPII series was delivered to A. Etter Egloff AG, a company in Weinfelden (Switzerland). This ram press was capable of extruding 60-kg batches of dough. It is worth noting that these hydraulic presses were also used as powder presses.

In 1910 to 1912 they purchased the manufacturing equipment, construction drawings, patents and macaroni-machine prototypes from the St. George engineering works at St. Gall (Switzerland), which had gone into liquidation. At the same time the macaroni division was opened.

#### Screw Extruders

In 1934 the hydraulic extruders were replaced by screw extruders. This method of extrusion has been used ever since. The use of screw extruders made possible the continuous conditioning and extrusion of the dough.

#### Dryers

Constant efforts were also made to develop more efficient dryers which would allow continuous operation. The line of development ran from the static dryer boxes over drum dryers and circulation dryers to the present machines. Today, continuous belt dryers are used for short goods, and

stick dryers for long goods. In 1944 the first continuous dryer for long goods (spaghetti) was introduced on the market, followed by its counterpart for short goods five years later. Since that time macaroni machines have been developed and built for high capacities.

#### Construction of Large-Scale Facilities

In 1970 the largest continuous short goods line ever to be built started operation in Italy, with a capacity of up to 7000 kg/h. At present, the highest capacity achieved by long goods lines is 2000 kg/h.

Some of the machines developed by the macaroni-machinery division can also be used for producing and drying other special products.

#### GATX Names Theis

Francis W. Theis has been elected president and chief operating officer of GATX Corp.

The 58-year old former president and chief executive officer of American Ship Building Co. succeeds James J. Glasser as president. The post of chief operating officer of the diversified lessor of railroad tank cars has been vacant.

Mr. Glasser, 45, continues as chairman and chief executive officer, posts he occupied last August following the retirement of T. M. Thompson.

Mr. Theis resigned from American Ship Building June, 1978.

#### Metal Detectors Screen Egg Powders

Metal detectors are playing a vital role in the quality control program at Monark Egg Corporation, Kansas City, MO, by continuously monitoring for possible contamination in the production of powdered eggs.

The raw eggs are processed into a liquid (ingredients such as sugar or corn syrup may be added) and then pasteurized. The product is then

spray dried and conveyed to a hopper. The company has installed three USDA-approved metal detectors on each of its spray drying lines. From hopper to sifting and packing in fiber drums, there is a short gravity drop through a fabric tube. It is during this drop that metal detection units function, alerting by signal the presence of any contamination. Upon such signal, line operators pull aside the container and re-screen product in search of contaminant. Product flow through this processing system is rated at 2,000 lb/hr.

Search head is constructed from an epoxy resin, cast in the outer metallic screen, which ensures that effects from machinery vibration are minimized and that there is no ingress of water, even when the unit has to be subjected to hosing down.

A built-in fault system continuously monitors the electronic circuits and ensures that the metal detector is doing its job. Any deviation from correct operation is displayed by a fault warning lamp on control panel. The fault relay can be used to stop conveyor drive motor or operate an independent warning signal.

More details on Microsearch metal detectors are available from Rank Precision Industries, Inc., 411 Jarvis Ave., Des Plaines, IL 60018.

#### Egg Review

According to the Crop Reporting Board, the nation's laying flocks produced 5.69 billion eggs during April, 2% more than a year ago. Layers on May 1 totaled 283 million, 2% more than the 278 million a year earlier but 1% fewer than the previous month's number of 287 million. Rate of lay on May 1 averaged 68.2 eggs per 100 layers, compared with 68.3 a year earlier, and 68.6 on April 1, 1979. Egg-type chicks hatched during April 1979 totaled 52.6 million, up 3% from a year ago. Eggs in incubators on May 1, 1979 at 50.1 million were 2% above a year ago.

## Introducing Hoskins Company



Charles M. Hoskins

Glenn G. Hoskins Company was launched in 1941 as a business and technical consulting service to the Macaroni Industry. Over half the industry in North America subscribed to the Hoskins service. During the consulting years substantial contributions were made to the technology and operation of the industry.

Temperature and humidity controls of macaroni dryers were first introduced by Hoskins and then disseminated throughout the world.

Plant operations Forums were held for 13 years. Members of the industry and suppliers discussed technology and theory of macaroni manufacture. The most valuable contribution of these meetings was a free exchange of information which substantially increased the technological competence of the industry.

One of the proudest contributions to the industry was Bob Green, the Secretary of the NMMA, who originally entered the industry through our organization.

We acted as consultants in designing a number of new factories and expanding old factories. This included the Creamette Company, American Beauty, A. Zerega's Sons and Ronco.

In the 1960's the name was changed to Hoskins Company and the nature of the business was changed to a Manufacturers Sales Representative for:

DEMACO, the principal domestic manufacturer of complete pasta production lines.

ASEECO, a manufacturer of storage systems and mechanical conveyors for noodles and short cut macaroni products.

SEMCO, a manufacturer of systems for pneumatically conveying and storing semolina and flour.

RICCIARELLI, an Italian manufacturer of pasta packaging machines, systems for conveying long spaghetti from saw to packaging machine and specialty machines for making bowties and twisted vermicelli.

CLERMONT, a manufacturer of noodle cutters, noodle sheeters, Chinese noodle production lines, crepe manufacturing lines and related equipment.



### New Food Technologies Offer Benefits

American housewives may get more nutritious food faster and more conveniently with the aid of technologies that are or will soon be adopted. These emerging technologies may also help stem rising food prices by reducing the cost of marketing food products, according to a report released by the Office of Technology Assessment.

However, as with all technological change, these new technologies may have undesirable or unanticipated consequences, OTA warns. Examining those technologies now will help ensure that we properly plan for dealing with their impacts.

"While there are many benefits to be derived for farmers, marketers, and housewives from achievements in food technologies," OTA Director Dr. Russell W. Peterson said, "This report shows how important it is to examine, early and closely, possible unforeseen consequences of these advances."

#### Emerging Technologies

OTA identified seven emerging technologies likely to be adopted in the near future which need further study. The seven are:

- Texturing, binding, and flavoring processes that modify existing foods or produce new ones, (such as meat and dairy substitutes).
- Improved means of transporting food to ensure its quality, such as freight cars designed for food shipment only.
- New packages capable of keeping food safe and nutritious longer, such as the retortable pouch, a multi-layered plastic bag in which food can be stored without refrigeration and in which the food can be cooked prior to opening.
- Electronic checkout in retail food stores, including the use of universal product codes currently printed on about 80 percent of food packages in grocery stores.
- Technologies to reduce food loss in transportation, packaging, and retailing.
- Electronic food shopping systems such as warehouse-to-door delivery, automated minimarkets, and mobile automated markets.
- Recyclable and returnable food containers that would extend current

technology from beverages to other food products.

#### Need More Study

While these technologies may save money, produce more nutritious foods, and provide more food by cutting losses, their impacts need further study, according to the OTA report. For instance, electronic checkout may improve labor productivity and inventory control, but could cost many workers their jobs. Also, with a cost of \$200,000 to install, electronic checkout may make it more difficult for small grocery stores to compete with larger chains.

The delivery of safe and wholesome foods to consumers requires improved transportation technologies. Now, food may be spoiled or contaminated by being shipped in railroad cars infested with rats or insect pests, or that have previously carried toxic or otherwise dangerous substances.

"There are documented cases of pets dying from pet foods whose ingredients were contaminated with toxic substances during shipment," the report states. Further, "food ingredients are frequently rejected by the processor because they have become contaminated during shipment."

#### Improvements Needed

Specific improvement could include railroad cars designed to carry food exclusively, new techniques for cleaning freight cars, and better tracking systems capable of identifying cars by what freight they have carried. However, OTA says the railroads may need financial assistance or incentives to make these changes.

In another area, fabricated foods offer the possibility of more food at lower costs produced using less energy. However, OTA warns that use of fabricated foods raises issues concerning their effect on overall nutrition and proper labeling to identify them without prejudicing consumer acceptance. Further, official standards are either incomplete or in disagreement on the use of food additives and unconventional ingredients.

OTA examined emerging food marketing technologies for their current state of development, their probability of being adopted by 1985 or sooner, the extent to which they will be used, their expected impacts, and the policy issues they raise. They were also

examined assuming, first, a continuation of recent socio-economic trends and, second, major changes in the social and economic environment for technological changes.

The OTA report, "Emerging Food Marketing Technologies: A Preliminary Analysis," is available from the U.S. Government Printing Office. The GPO stock number is 052-003-006124; the price is \$2.75. Write: Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402.

### Food Marketing Institute Hints Government Report

A misleading government report on supermarket technology could slow adoption of new electronic checkout systems which have already won industry and consumer acceptance, the Food Marketing Institute (FMI) stated in a letter to the Director of the Office of Technology Assessment (OTA).

"A new government study, based on outdated information, has unfortunately raised the spectre of two buried scanner issues—item pricing and job loss—and press coverage of the report could provoke totally unwarranted public concern all over again," Food Marketing Institute (FMI) Vice President Robert A. Dobkin stated.

Dobkin added, "Reading Emerging Food Marketing Technologies is like wandering through the dark ages of scanners, yet ironically the report could rekindle old concerns among consumer groups, labor and the general public."

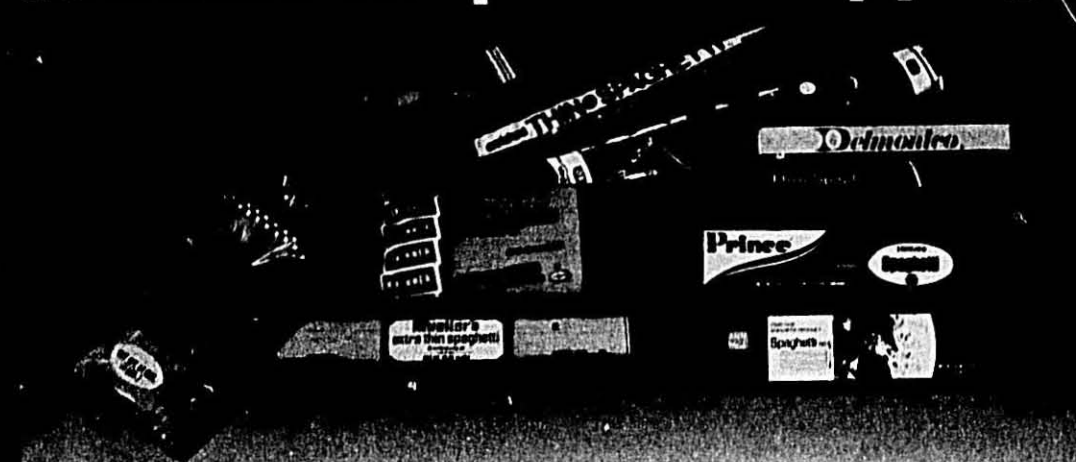
The new OTA study cites mandatory item pricing and labor concerns over job loss as possible stumbling blocks to further adoption of scanners by retailers. Dobkin noted in a letter to OTA Director Russell Peterson that scanners were not designed to cut the supermarket work force, adding that labor contracts contain built-in protection against job loss due to scanner technology.

As for item pricing in scanner stores, Dobkin said that customers and consumer groups have dropped the issue as a legislative priority. Dobkin's letter stressed that scanners have unquestionably delivered con-

(Continued on page 40)

THE MACARONI JOURNAL

## Before you buy an automatic spaghetti packaging system, do a little comparison shopping.



Until now there were two serious drawbacks to buying an automatic feed spaghetti packaging system. Complexity and Price.

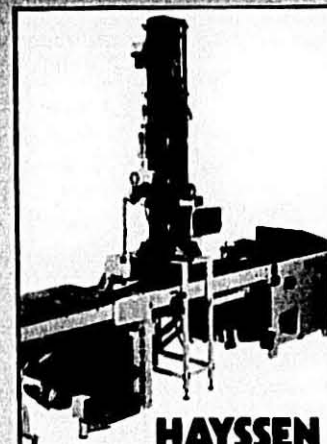
The Hayssen RT 176 has changed all that. Now you can get a simple, easy to operate, highly accurate automatic spaghetti packaging system which is, quite frankly, an incredible bargain.

#### A simple, accurate feed system.

The key to the RT 176 is a revolutionary cascading lower volumetric feed system. While it can achieve the same accuracies obtained on expensive, hard-to-handle scale systems, it is as simple to understand as it is to maintain. You don't need a highly trained specialist just to keep your packaging line running smoothly.

... matched to a proven Horizontal packaging machine

The RT 176 features the very same high quality horizontal Form, Fill, Seal machine proven on literally hundreds of other pouch packaging applications around the world. High speed, high quality packaging over a variety of materials—from cellophane to polypropylene to polyethylene—combined with quick change-over features, assure a simple, versatile, and amazingly rugged packaging system.



**HAYSSSEN  
RT 176**  
the simple,  
inexpensive way  
to automate  
your packaging.

#### Match your packaging to your production.

The design versatility of the RT 176 allows you to integrate your packaging to production and plant requirements. It can be automatically fed from the floor above as the spaghetti is discharged from the stripper cutter. Or, it can be fed from the same floor with an optional bucket elevator system.

#### Totally U.S. built.

There's nothing quite as frustrating as downtime. And that's exactly why a totally U.S. built machine, backed by an extensive domestic field service organization and local parts supply can be of critical importance to you.



Illustrations may be changed without notice. Dimensions and specifications are approximate and drawings are not to scale. Machines shown without guards are for illustration only. Guards are supplied and must be in place before operation. Sales are subject to prevailing terms and conditions of sale.

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### FMI Hits Report

(Continued from page 38)

petitive advantages to operators using them and that both customers and consumer leaders like the system when they see it in day-to-day operation.

#### Experience Shows Success

Actual experience with scanners allays doubts raised by the change in checkout style, and misleading government information can serve only to impede business efforts to boost lagging productivity in food distribution.

Dobkin wrote Peterson that scanners boost store efficiency in many ways—improved inventory control, better utilization of warehouse space and more accurate labor scheduling, among others—and that scanners earn their way for business and customers with or without item pricing. He called scanners "an extremely attractive investment" which would be even more productive if item pricing were dropped.

Dobkin called for government cooperation with industry in business initiatives to use technology to exert downward pressure on distribution costs, thus, retail prices. He also cited a 1977 Government Accounting Office report to Congress on food prices which urged, "more rapid adoption by the food industry of available technology such as computerized checkout systems." He commented to Peterson that opposing government statements send mixed signals to an industry attempting to meet new marketplace demands in times of steep food price inflation.

Food Marketing Institute, a non-profit organization, conducts programs in research, education and public affairs on behalf of its members—food wholesalers and retailers, from corner stores to supermarket chains—and their customers. FMI's 900 member companies operate 24,000 stores with a sales volume of \$80 billion yearly, half of all grocery sales in the United States. FMI membership includes food chains, independent grocers, voluntary wholesalers and cooperatives in the United States, Canada and about 30 foreign countries.

Of all the forms of carbohydrates, sugars and starches are probably the best sources of energy.

### Nonfamily Households Expand

One out of every four U.S. households is now classified as a nonfamily household, compared with only 18.8% in that category eight years ago, according to results of the "March Current Population Survey," just issued by the Bureau of the Census of the U.S. Department of Commerce.

"Three of every four households in 1978 were family households," the Bureau says. "Since 1970, these households have increased by 11% and account for 44% of the increase in the total number of households.

"The other one-fourth of all households were not maintained by a family and have increased 60%, accounting for more than half (56%) of the total increase in the number of households over the eight-year period."

The Bureau shows households by type, for 1978 and 1970 in the following table:

HOUSEHOLDS BY TYPE: 1978 AND 1970  
(Numbers in Thousands)

Type of Household	1978		1970	
	Number	Percent	Number	Percent
Total Households	76,030	100.0	63,401	100.0
Family households	56,958	74.9	51,456	81.2
Maintained by a—				
Married couple	47,357	62.3	44,728	70.5
Man, no wife present	1,564	2.1	1,228	1.9
Woman, no husband present	8,037	10.6	5,500	8.7
Non-family households	19,071	25.1	11,945	18.8
Maintained by a—				
Man	7,811	10.3	4,063	6.4
Woman	11,261	14.8	7,882	12.4

Family households maintained by a woman with no husband present comprised only 11% of all households in 1978, the Bureau notes, but points out that this is a 46% increase over 1970. By comparison, married-couple households accounted for 62% of all households in 1978 but increased by only 6% from 1970, it says.

"Persons living alone account for the vast majority (88%) of nonfamily households," the Bureau states. "The disproportionate increase in the number of such households in recent years has contributed substantially to the decline in average household size from 3.14 persons in 1970 to 2.81 persons in 1978. Other factors contributing to the decline in household

size include a period of relatively low birth rates which reduced the average number of children in households, and a comparatively high level of separation and divorce which often had the effect of splitting one larger household into two smaller ones."

The proportion of households that were maintained by single, never-married persons increased from 7% to 11% between 1970 and 1978, the Bureau states. "This change," it adds, "is apparently related to an increasing tendency for young men and women to either marry at later ages, or perhaps not marry at all.

"During this period, the proportion of 20-to-24-year-old men and women who were single increased by comparable amounts (from 55% to 60% for men and from 38% to 48% for women). Most of these men and women will probably marry eventually, but the fact that a corresponding increase occurred since 1970 among those 25 to 29 years and 30 to 34 years old

suggests that more and more young adults are pursuing alternative marriage for longer periods of time."

The marked increase in young adults, the Bureau says, has been partially responsible for the rapid growth of nonfamily households. Non-family households maintained by men, it notes, have increased more than any other type during the 1970's; almost half (48%) of these men had never married.

The proportion of households maintained by a married couple actually declined from 70% in 1970 to 62% in 1978. During the same period, the proportion of households maintained by a divorced or separated person increased from 8% to 12%.



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EST. 1920

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- 1—Vitamins and Minerals Enrichment Assays.
- 2—Egg Solids and Color Score in Eggs and Noodles.
- 3—Semolina and Flour Analysis.
- 4—Micro-analysis for extraneous matter.
- 5—Sanitary Plant Surveys.
- 6—Pesticides Analysis.
- 7—Bacteriological Tests for Salmonella, etc.
- 8—Nutritional Analysis.

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### Gilster-Mary Lee Corporation Uses Checkweighers

The Gilster-Mary Lee Corp. began as a family owned and operated flour mill in 1897. In 1958, Don Welge, President of Gilster-Mary Lee and a descendant of the original Gilster family started the cake mix division of the company which proved successful and grew through a series of mergers into what is now Gilster-Mary Lee Corporation. Today, the corporation operates as a contract packager and also packages private label mixes for Safeway, A&P, Kroger, Topco and other supermarkets.

The products manufactured include cake mixes, frosting mixes, brownie mixes, muffin mixes, biscuit mixes, potato flakes, macaroni and cheese dinners and dried drink mixes. Gilster-Mary Lee's three manufacturing facilities are located in Chester, Illinois, Steeleville, Illinois, and Perryville, Missouri.

There are Hi-Speed checkweighers on all of Gilster-Mary Lee's packaging lines. Since 1965, they have purchased 37 checkweighers; 14 were bought in 1977 alone. Checkweighers perform several important functions at Gilster-Mary Lee:

1. Check each package's weight against preset underweight limits to meet government net weight regulations.

2. Check packaged mixes with two pouches to assure that both pouches are included in the package.

3. Check packaged mixes against preset under and overweight limits to keep the solid to liquid ratio within established quality control standards. Too much or too little mix could affect the final baked product's taste, texture and consistency.

4. Checks each package against preset overweight limits to control overpack and product giveaway.

#### Controlling Overpack

According to K. Z. Bowden, Quality Assurance Manager at the Gilster-Mary Lee Steeleville plant, "We are achieving excellent results controlling our overpack. I estimate we are saving a considerable amount of product each day by checking for overweight packages."

There are over 24 Model PA-57 Checkweighers in operation at Gilster-Mary Lee. The Hi-Speed Model



Al Lindner, vice president of production and Don Welge, president of the Gilster-Mary Lee Corp. with Hi-Speed's Model PA-57 Checkweigher. Model PA-57 checks the weights of all pouches produced by the Bartelt Intermittent Motion Form, Fill and Seal Machine.

PA-57 Checkweigher is designed to checkweigh 100% of the pouches discharged from Bartelt intermittent motion form, fill and seal machines. The purpose of the PA-57 Checkweigher is to reject under and/or overweight pouches, thus allowing target weights to be set closer to the package weight. According to Ronald Tretter, the Steeleville Plant Superintendent, "The checkweighers fit well into our operation and do an excellent job. They are a necessary part of the production line. In our case, each checkweigher saves one person per shift. We are now operating three shifts a day so this adds up to a considerable labor savings. This is in addition to keeping our product weights in compliance and helping keep our overpack to a minimum."

#### Hi-Speed Models

There are over five Hi-Speed Model ST71 Checkweighers in use by Gilster-Mary Lee. The ST71 Checkweigher is designed for economical and dependable operation. Cartons and pouches properly timed by the previous operation are checkweighed one at a time at speeds ranging from 60 to 100 packages per minute. According to Al Lindner, Vice President of Production, and Marvin Westerman, Assistant Superintendent, "The ST71 Checkweighers are doing a good job. The enclosed weigh cell saves all sorts of downtime."

Commenting on the overall checkweigher operation, Don Welge, President of Gilster-Mary Lee says, "Word gets around that Hi-Speed is the best checkweigher company. Hi-Speed has the best quality checkweigher we've found."

Complete information on Hi-Speed checkweighers is available from Hi-Speed Checkweigher Co., Inc., P. O. Box 314-MJ, Ithaca, New York 14850.

#### Corrugated Supply/Demand Ratio in Close Balance

One of the most significant 1978 developments for the corrugated box industry was the substantial 2% reduction in containerboard inventories, according to Robert F. Rebec, vice president of the Fibre Box Association. Consumption by box plant alone was nearly equal to mill production, he said.

#### Packaging Is Final Salesman

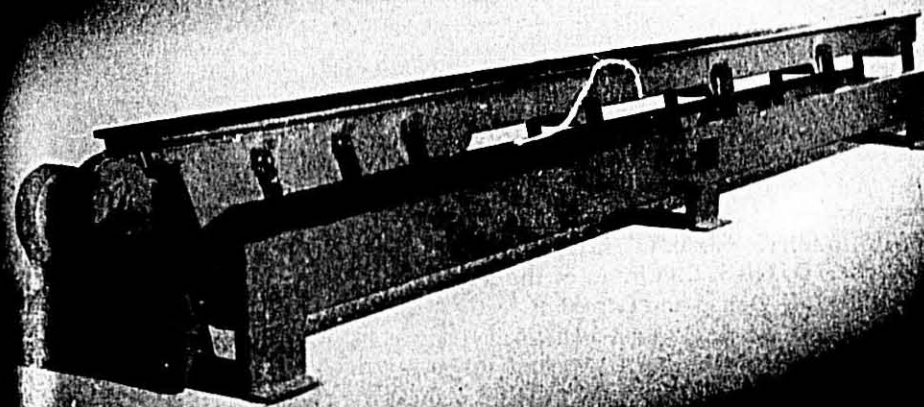
As the last link between product concept and the consumer, packaging "is the final salesman," Max Lomont, director of corporate design for Quaker Oats Co., Chicago, said in a presentation at the 54th annual technical conference of the Biscuit & Cracker Manufacturers' Association.

In his presentation, "Packaging Design and Printing Techniques," Mr.

(Continued on page 44)

## Do You Need ... A Simple, Sanitary, Gentle, Quiet & Economical Way To Move Bulk Products?

*Sound Impossible? - Well It's Not! The Meyer  
Vibra-Flex Conveyor Is The Answer.*



Your product is moved through a smooth, clean stainless steel trough by controlled vibration. And outside the trough? Well, the frame has been designed with a minimum of obstructions and ledges for dirt and dust to lay on.

And with very few moving parts to wear out, maintenance is a snap. So call or write us for further information. We've been building equipment for the Food Industry since 1921.

# MEYER MACHINE COMPANY





**The Spaghetti Champs.** Shown here are the Louisville area kids who participated in Delmonico's "Play Spaghetti" Championship at the Village Indoor Tennis Club. The tournament sponsored by Delmonico was run by Gunter Horz (far left last row) inventor of the "Spaghetti" tennis racket which is double strung. The three-day prize money tournament was preceded by the free clinic for kids. The instructors were the top-seeds in the tournament, David Sandgren (left end) and Gary Ploch (right end).

### Packaging Final Salesman

(Continued from page 42)

Lomont reviewed a wide range of design and packaging applications, including those for the company's Burry Division.

He listed the following criteria for effective design:

- Impact at point of sale.
- Simplicity, which, he said, is especially important in food.
- Legibility; the package must be easy to read and to understand.

- Versatility; the design must be adaptable for other products in the line; it must permit development of a "family" look for other products.

- Consistency; if a winning approach is discovered, "stick with it"; do not deviate colors or other elements.

- Honesty: "Don't mislead and don't overpromise."

On economics, Mr. Lomont advised purchasing of packaging "which will deliver your message consistently at a legitimate price."

### MAXIMIZING QUALITY ADVERTISING by Herbert D. Fried, Chairman of the Board, W. B. Doner and Company

Quality advertising for the food and beverage industry does not happen by accident. The elements of a successful campaign have been thought out, researched, tested and put together with a skill that often belies the finished product. When a CEO or marketing vice president evaluates an agency's work with an eye to hiring or retaining the agency to do its company's advertising, what should he be looking for?

Of course, he'll probably be impressed with the agency reel and with the print samples presented for his inspection. After all, it's only natural for an advertising agency to put its best foot forward. But what is there beyond the images seen and the messages heard? What are the underlying layers which sustain it with

quality materials to ensure the best return possible on the company's advertising dollar?

Each agency has its strengths, and it's a combination of these that set one agency apart from the others. The decision-maker should be aware of these elements, some obvious to the campaign, others hidden, in helping him make his important decision. What points, then, should he look for?

#### Start with Goals

Let's start with goals. Do the ads reflect written, determined goals, or were they created because they were "clever"? Did the agency's marketing and research departments thoroughly examine the client's needs, and did they advise him on the way to get the most for his money? Were the markets selected carefully, and were the



And after the "Playing Spaghetti" in Louisville... the kids clinic participants enjoy the real thing.



The participants in the "San Giorgio Spaghetti Tennis" clinic asked the top seed, Jack Gorsuch for his autograph. The San Giorgio Play Spaghetti Championship took place at the Upper Dublin Racquet Club in Ambler, Pennsylvania.

media selected with a specific purpose in mind?

#### Good Taste?

Does the agency have a perceived high level of taste? Do the advertisements demonstrate quality work as well as creative thinking? Were the elements of production as important as the writing and photography? Remember, as "showy" as a commercial or print ad may appear, it's your product on display and the advertisement should be a vehicle to sell your product, and not the other way around. If your agency has a high level of taste, it will treat your product with the same respect you do.

#### Top Talent?

Does your agency use only top talent in selling your product? By top talent we don't necessarily mean a "name" spokesman (but if you do use a recognized personality, have you and your agency, determined why the connection has been made?). "Top talent" means the best in a given field.

(Continued on page 46)

THE MACARONI JOURNAL

## PROGRAM

### 75TH ANNUAL MEETING National Macaroni Manufacturers Association The Broadmoor Colorado Springs, Colorado

#### Sunday, July 8

- 2:00 p.m. Board of Directors Meeting, Briefing Room, West
- 3:00 p.m. Standards Committee Meet, Will Rogers Room
- 7:00 p.m. Welcoming Reception Mezzanine Main
- 8:00 a.m. Dinner—Main Ballroom  
Remarks by President Paul A. Vermeylen

#### Monday, July 9

- 8:00 a.m. Breakfast Meeting for Everyone—West Ballroom
- 8:45 a.m. Ted Sills reminisces—West Exhibit Hall
- 9:00 a.m. Elinor Ehrman reports on product promotion
- 9:20 a.m. Gary Kushner reviews the Washington scene
- 9:40 a.m. Vance Goodfellow gives the crop outlook
- 10:00 a.m. Closed session for Macaroni Manufacturers to transact Association business
- 12:00 Noon Tennis Mixer at South Golf Club—shuttle service
- 1:00 p.m. Cookout at Rotten Log Hollow—bus transportation

#### Tuesday, July 10

- 9:00 a.m. West Exhibit Hall  
Dialogue with Grocers—questions and answers  
Give and take with an outstanding panel of grocers  
Anthony M. Vagnino, moderator
- 12:00 Noon National Macaroni Institute Committee Meeting  
Bailey-Stratta Room
- 7:00 p.m. Suppliers' Social—West Terrace—Evening Open

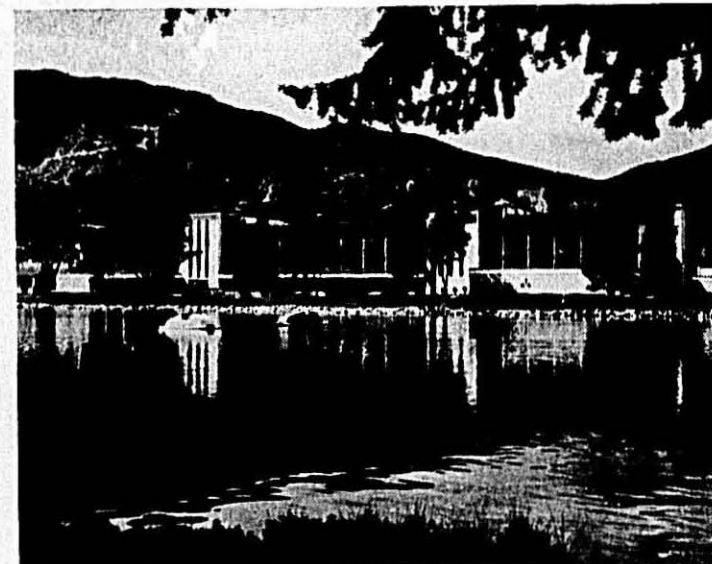
#### Wednesday, July 11

- 9:00 a.m. Management Seminars—choose one:  
"Will Your Business Support Your Retirement Years—or Ruin Them?"  
Every business bears within it the seeds of its own destruction, because the owner is so busy running it today he does not have time to think about his long-term future. Yet, there are only a limited number of options.

(West Exhibit Hall)  
Frank Butrick of the Independent Business Institute, Akron, Ohio, will lead the session  
"The Achieving Manager"—how to develop an achievement oriented team; receive feedback on your management style from a national representation of your peers

- (West Ballroom D)  
Dr. Lee R. Ginsburg, a partner in Miller/Ginsburg and Brien, Philadelphia, will lead the discussion  
Board of Directors Organizational Luncheon—  
Bailey-Stratta Room
- 7:00 p.m. Suppliers' Social—West Pool
- 8:00 p.m. Dinner Dance—West Ballroom

JULY, 1979



Broadmoor West

#### Thursday, July 12

- 9:00 a.m. Board of Directors Meeting—Briefing Room—Adjournment by noon

Golf Tournament can be played on Sunday, Monday, Tuesday on the west course. Check in with the pro and have your card stamped "NMMA Tourney". \$10.00 fee for prize pool, \$15.00 green fees plus \$12.00 cart for two.

You must be in a twosome, three-some, or foursome for attesting scores. No husband-wife combos. Ladies invited.

#### Hey, Kids! Let's get together.

Maria DeFrancisci will hold a series of informal get-togethers in the White Eagle Room, West, so that young people can meet one another to share fun and companionship during the Convention.

#### Monday, July 9

10:00 a.m.—Junior Jamboree—all ages, come alone or with Mom. Meet one another; get a surprise gift and make plans for another special event with Maria.

11:00 a.m.—Teen Talk—Cokes, potato chips, introductions. Sit on the floor and rap about fun things to do. Maria has some good ideas.

12:00 Noon—Young Adult Mixer—Let's meet before tennis—get to know one another and perhaps plan an outing or pre-cocktail get-together. Plenty of sandwiches and beverages. Come and be noticed.

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**CLASSIFIED ADVERTISING RATES**

Went Ads ..... \$1.00 per line  
Minimum \$3.00

**WANTED**—Experienced macaroni maker to take over production in California operation. Send resume to P.O. box 336, Palestine, IL 60067.

**ARE YOU SURE!!**  
Does Your Plant Meet GMP's?  
Best FDA to the Draw  
**THE PHOENIX CORPORATION**  
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(312) 449-6099  
Preventive Sanitation Programs

**Maximizing Quality Ads**

(Continued from page 44)

to carry the message for that specific campaign. Does the agency understand that the human element is the most important motivating part of a commercial? Are your actors believable? Are the situations? Will the commercials be liked?

Top talent goes beyond what the consumer sees, however. Your agency should use the best possible talent in the production area, whether your ads are for print or broadcast media. Using production crews effectively will save you money because production time will not be wasted. A talented director is every bit as important as a talented actor.

You should learn if your agency is innovative in the production area. A dazzling commercial made in a time-wasting way will mean a heavier investment on your part. If your agency can deliver a quality product and save

**California's coolest couple.**  
*Avocado and Chicken Rice-A-Roni*

Spend a hot summer day with our cool couple. Chicken Rice-A-Roni nestled in a luscious golden green California Avocado half shell. Our couple comes to dinner and goes to parties — mixes beautifully too with chilled celery, lettuce, scallions and tender chunks of tuna. So do it. Everyone will love the cool couple.

**Ingredients:** 1 cup Chicken Rice-A-Roni, 1 cup sliced avocado, 1 cup sliced celery, 1 cup sliced green onions, 1 cup lettuce, 1 cup scallions, 1 cup tuna, 1 cup sliced avocado, 1 cup sliced celery, 1 cup sliced green onions, 1 cup lettuce, 1 cup scallions, 1 cup tuna.

**Directions:** Chicken Rice-A-Roni as directed on package. Combine ingredients before serving. Toss with lettuce, celery, green onions, Chicken Rice-A-Roni, Chicken Rice-A-Roni and sliced avocado. Top on bed of lettuce. (Serves 4)

**LOVE FOOD FROM CALIFORNIA**

**Rice-A-Roni and Avocados in Summer Salad Promotion**  
A full-color, page-size advertisement featuring an unusual and appetizing cool summer salad of Chicken Rice-A-Roni nestled on a luscious avocado half shell is scheduled for mid-summer. The ad, a joint promotional effort of Rice-A-Roni and California Avocado Board, will appear in the July issues of Good Housekeeping, Woman's Day and Redbook magazines.

you money by using newer techniques, then you're on the right track. Does the agency show depth in its various departments? Does it have the departmental specialists a full-service agency needs? Superficiality in an agency, as in a commercial, will never give you the delivery you need for your product. If the agency has a stable staff, departmental specialization and supervisory depth, you'll be getting service over and above the placement of your advertising.

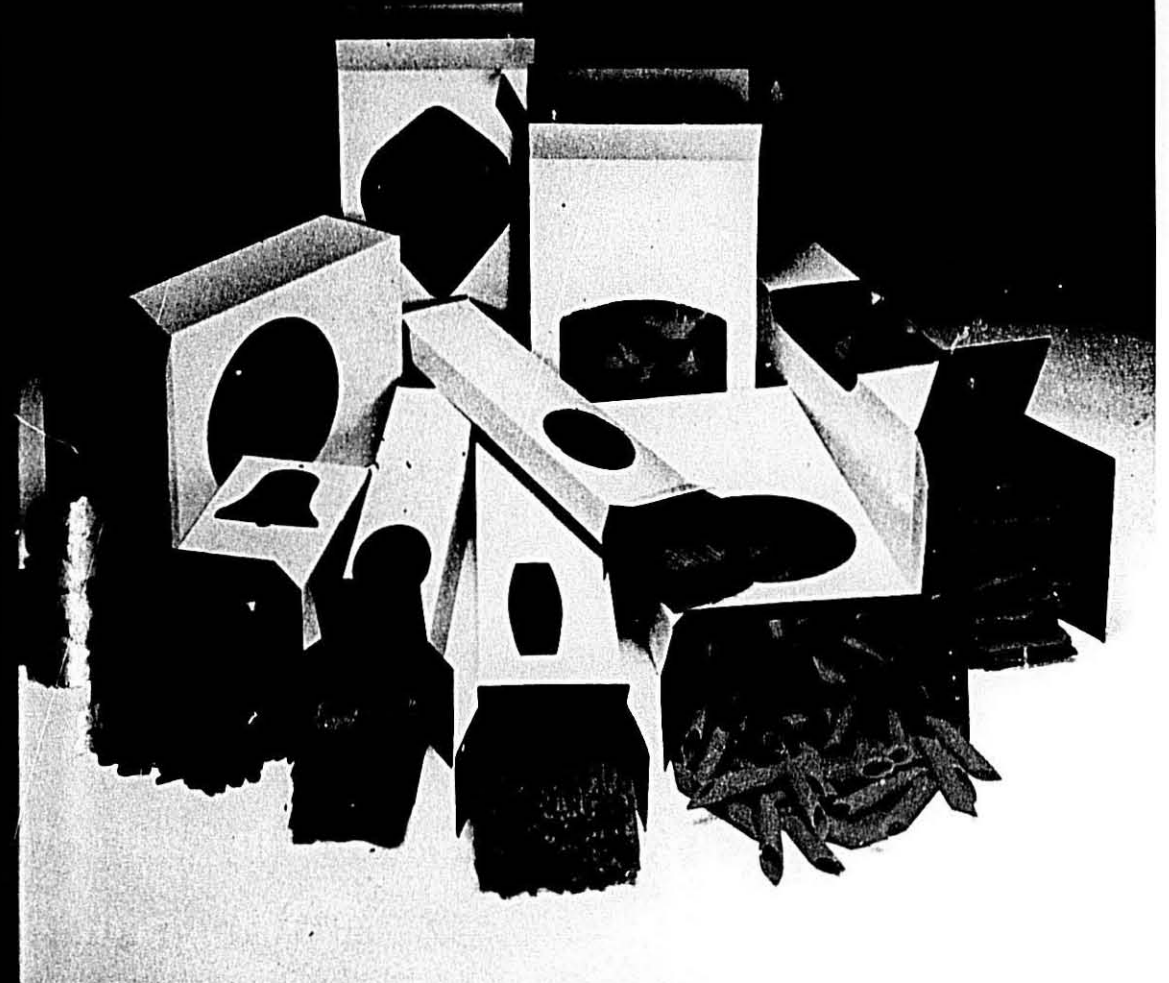
Lastly, does the agency have a good track record in terms of growth? If you are satisfied the agency has been growing, and improving over the past few years, ask one question more.

**We've been going together for nearly 50 years.**

...and packaging and pasta make perfect partners. Pasta people from all over the country have been proving it for nearly a century. There are lots of reasons. Diamond offers a complete packaging menu and top services from cartons to labels to point of purchase displays. You get award-winning package design. Service is prompt — delivery is dependable. And everything comes to you from one convenient source — with one phone call. Call (212) 697-1700 soon. And start a beautiful relationship.



**Diamond International Corporation**  
Packaging Products Division  
733 Third Avenue, New York, N.Y. 10017







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