

**THE
MACARONI
JOURNAL**

**Volume 63
No. 11**

March, 1982

Macaroni Journal

(ISSN 0024-0094)

MARCH, 1982



4.

Money Saving Oven Meals

The January, 1982 issue of Good-housekeeping magazine has recipes for money-saving oven meals for less than \$1 per serving — cost figures based on New York City prices:

Fish Bake

The beet salad go-along for this menu should be made first and refrigerated so flavor can develop. Next, the Fish and Noodles. The dessert needs only 30 minutes in the oven, so it can be put in after the casserole has been baking for a bit. **To complete the menu:** sliced beets and onions with oil/vinegar dressing, breadsticks.

FISH AND NOODLES (75 cents per serving)

- 1 8-ounce package wide noodles
 - 1 16-ounce package frozen cod, flounder, or haddock fillets
 - 4 tablespoons butter or margarine
 - ½ pound mushrooms, sliced
 - 2 tablespoons minced green onions
 - ¼ cup all-purpose flour
 - ¼ teaspoon salt
 - ¼ teaspoon pepper
 - ¾ cups milk
 - 3 tablespoons cooking or dry sherry
 - 1 10-ounce package frozen chopped spinach, thawed and squeezed dry
- About 1¼ hours before serving:

1. Cook noodles as label directs but omit salt; drain. Place noodles in 2½ quart casserole.
2. Meanwhile, let frozen fish stand at room temperature 15 minutes to thaw slightly; then cut into bite-size chunks.
3. While fish is thawing, in 3-quart saucepan over medium heat, in hot butter or margarine, cook mushrooms and green onions until tender. Push vegetables to side of pan; stir in flour, salt, and pepper until blended; cook 1 minute. Gradually stir in milk and sherry; cook until mixture is slightly thickened and smooth, stirring frequently.
4. Preheat oven to 250°F. Add spinach and fish chunks to mixture in saucepan. Pour mixture into casserole with noodles; stir gently to mix. Bake casserole, covered 45 minutes or until mixture is hot and bubbly and fish flakes easily when tested with a fork. Makes 8 servings.



Fish and Noodles

Eggplant Feast

First dish in the oven should be the layered eggplant-and-cheese lasagna—bake it on the bottom rack. The cookies go in next, on the middle rack—one batch at a time. **To complete the menu:** iceberg-lettuce wedges with favorite bottled dressing.

MEATLESS LASAGNA (95 cents per serving)

- ¾ 16-ounce package lasagna noodles (about 14 noodles)
- ¼ cup all-purpose flour
- salt
- 1 large eggplant (about 1½ pounds), cut crosswise into ½-inch slices
- salad oil
- 1 16-ounce package mozzarella cheese, shredded (4 cups)
- 1 15- to 16-ounce container ricotta cheese (2 cups)
- ¼ cup water
- 1 egg
- 1 15- to 15½-ounce jar spaghetti sauce

About 1¾ hours before serving:

Prepare lasagna noodles as label directs; drain.

Meanwhile, on waxed paper, mix flour with ½ teaspoon salt. Coat eggplant slices with mixture. In 12-inch skillet over medium heat, in ¼ cup hot oil, cook eggplant, a few slices at a time, until browned on both sides, adding oil if needed; drain on paper towels.

Preheat oven to 375°F. Set aside 1 cup mozzarella. In medium bowl, combine ricotta, water, egg, and ½ teaspoon salt. In 13" by 9" baking

dish, spoon ½ of spaghetti sauce; arrange ½ of noodles over sauce, overlapping to fit; top with ½ of remaining mozzarella, and ½ of eggplant slices. Repeat layering. Sprinkle with reserved mozzarella. Cover dish with foil and bake 40 minutes or until hot and bubbly. Makes 8 servings.

Pasta Treat

Both the main dish and the dessert can share the same oven shelf — but the casserole should be prepared first. **To complete the menu:** coleslaw, crisp potato chips.

MACARONI AND FRANKS CASSEROLE (42 cents per serving)

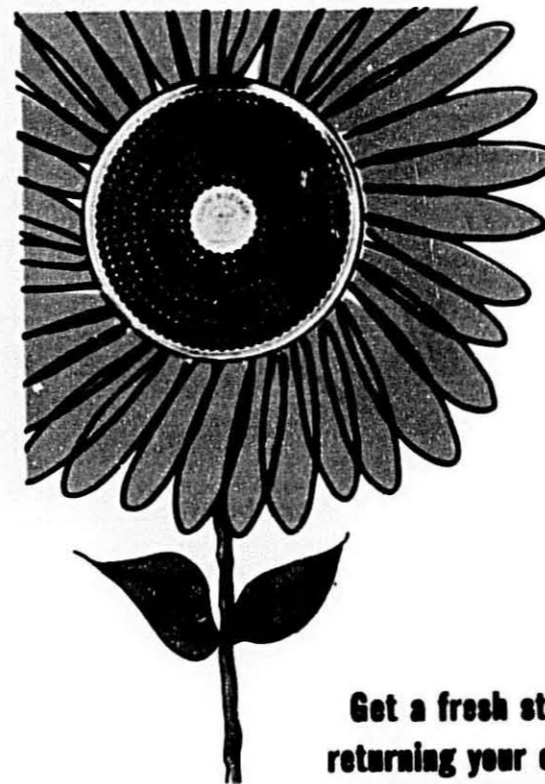
- 1 8-ounce package corkscrew macaroni
 - 1 16-ounce package of frankfurters, cut into ½-inch pieces
 - 1 10¾-ounce can condensed tomato soup
 - 2 medium celery stalks, minced
 - 1 cup milk
 - 2 tablespoons minced parsley
 - 2 tablespoons butter or margarine
- About 1 hour before serving:

In 5-quart saucepot or Dutch oven, prepare macaroni as label directs, but do not add salt. Drain macaroni; return to saucepot.

Preheat oven to 350°F. To cooked macaroni, add frankfurters, undiluted tomato soup, celery, milk, minced parsley, and butter or margarine; toss mixture gently to mix well. Spoon macaroni mixture into 2-quart casserole. Bake casserole, covered, 30 minutes or until hot and bubbly. Makes 6 servings.



THE MACARONI JOURNAL



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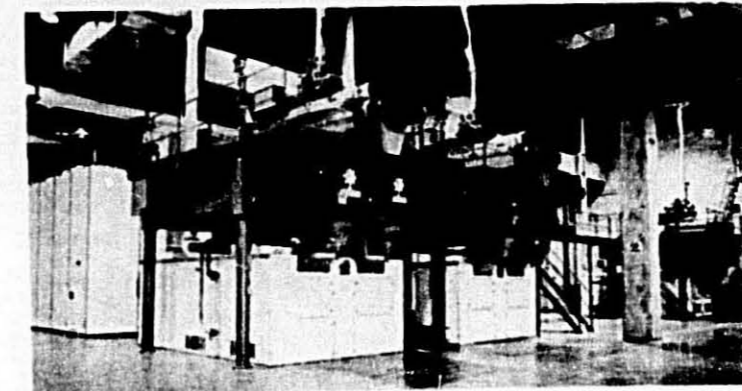
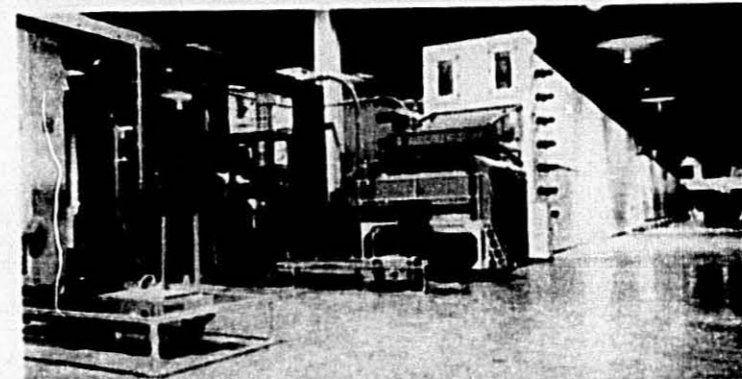
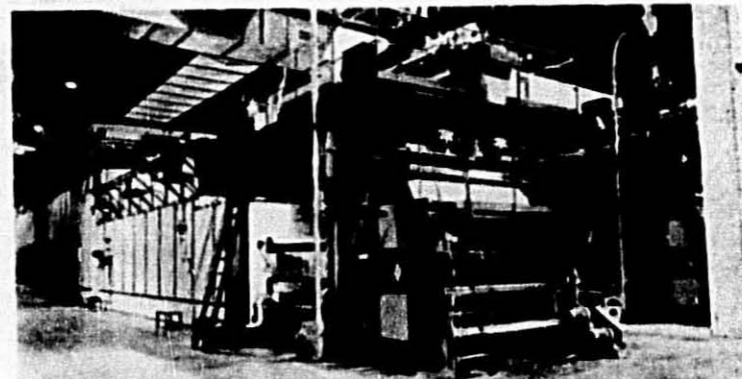
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Balancing the Balanced Diet

Gail L. Becker, R.D. and Manager of Vitamin Nutrition Information Service, Hoffman-La Roche Inc., Nutley, N.J. writes:

"Eat a balanced diet." We've all heard it. In fact, it's the foundation of all our advice for healthy eating. But what does it mean? . . . Does it guarantee nutritional adequacy? Is it sound advice everyone should follow? . . . Can everyone follow it? . . . What are health communicators, the food industry and government doing to ensure a "balanced diet" for all Americans? These are just a few of the issues that were addressed by leading nutrition authorities at a conference entitled "Balancing the Balanced Diet." The conference, sponsored by the Vitamin Nutrition Information Service, was held in February in Port St. Lucie, Florida.

We feel that the subject addressed at this conference is relevant to the efforts of all health and nutrition professionals and communicators, and so we have condensed the material into two comprehensive forms.

Conference Highlights

- Granted that there is some merit in using 4 or 5 food groups to simplify teaching, we may have simplified the food group concept to the point where it is useless.
- Food consumption survey data show that women in this country are consuming an average of 1,800 calories daily. At this level, it is very difficult for them to meet their micronutrient needs.
- A "balanced diet" is a low priority in voluntary (free choice) food delivery systems. Sensory appeal and cost are the first considerations.
- Menus given in USDA's "Ideas For Better Eating" are not consistent with realities of cost or appeal, and they do not solve the problem of meeting nutrient requirements with lowered caloric intakes.
- The four food groups do not relate to what people really eat. Frozen chicken pot pies and pizza don't fit in.
- Severe hunger and malnutrition in the U.S. have been eradicated.

Today's problems are obesity and marginal deficiencies.

- Nutrition survey data reveal continuing problems with calcium, iron, magnesium and vitamin B₆ intakes relative to the RDAs for these micronutrients. Zinc and folic acid may be problem areas as well.
- One should have much more than just the minimum amount of nutrients needed for survival.
- When caloric intake is 1,600 calories or lower, well-balanced vitamin/mineral supplementation is appropriate.
- In the future, we will not see foods as we know them today. We will move further and further away from consuming foods in their traditional forms. To deal with the increasing complexity of the food supply, we must have nutrition education and knowledge compatible with these changes.

- Fortification is a useful adjunct for improving and maintaining the nutritional quality of the food supply.
- Devising an effective food label, is an incredibly difficult task. Less than 10% of the population can clearly describe a gram . . . only 6% know the difference between a gram and an ounce . . . only 12% know what an RDA is . . . only about half are able to use percent accurately.

- Nutrition is a very, very complex subject. We can't expect to learn it in a half hour on Friday afternoons.
- Food and nutrition education can begin with the "basic four" but cannot end there. The concepts of nutrient density, serving sizes and the proportion of food needed from each group must be integrated into basic four teaching.

- People really only think in terms of three food groups: Food they like, foods that are "good for them" and foods they won't eat no matter who tells them to do so. Nutrition and food education should start by showing how groups one and two can be combined.

- We have to stop teaching nutrition as though it were a medical program and start teaching people about foods.

Presentation Synopses

Please understand that these statements cannot, are not intended to stand on their own, but must be reviewed in the context of the complete presentation. They are merely intended to stimulate your interest in several timely and newsmaking nutritional issues.

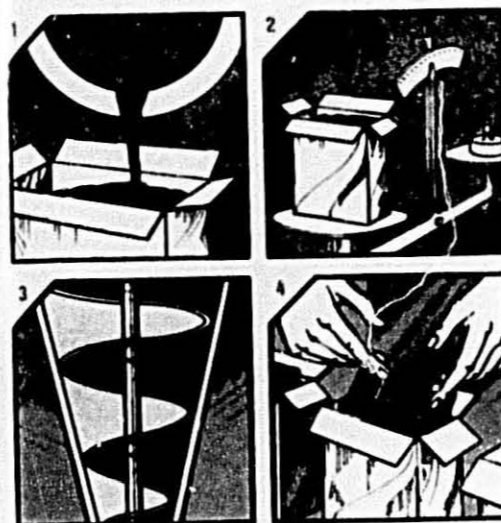
Dr. Arnold Schaefer, Program Moderator . . . "The Balanced Diet: What Is It?"

Is the balanced diet too simplistic or too complex a concept for the public to interpret in the context of nutritional health? When we talk about a balanced diet, we are evaluating it against the RDAs, which, although not perfect, are the best estimate science today can give us about our nutritional requirements. No single food has all the nutrients needed for health. Similarly, there is not one balanced diet or meal. Our challenge as nutritionists is to instruct the public about the choices and combinations of foods which will provide a nutritionally adequate diet. To do that, we have to talk in terms of foods rather than nutrients. The Basic Four food group approach, however, may be oversimplified. We need to find ways of relating the Dietary Goals and Dietary Guidelines to food patterns and to the realities of cost and appeal.

Dr. Jack L. Smith . . . "Health Benefits of Optimal Nutrition"

On a national basis, there have been four or five relatively recent nutrition surveys. No matter what line of data is used, the same nutrients generally show up as lacking in the American diet: calcium, iron, magnesium, vitamin B₆ and, as we learn more about it, zinc. On the other hand, protein is being consumed in excess. Major nutrition problems have been eradicated. Today's nutritional problems are marginal deficiencies and obesity. Somewhere between 40 and 80 million people may be dieting periodically, and when caloric intake is restricted to fewer than 1,600 calories, it becomes increasingly difficult to meet nutrient

(Continued on page 10)



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Balancing the Balanced Diet

(Continued from page 8)

requirements. There is some statistical support for health benefits to be gained from eating a balanced diet. The healthiest food pattern seems to be one which includes more dairy products and soups, with fewer sugary foods. This may help us to define nutrients in terms of foods and eating patterns in our efforts to teach the lay public how to create a nutritionally optimal, well-balanced diet.

Paul A. LaChance . . . "The Balanced Diet as a Delivery System"

Food is the input to nutrition, but it is not nutrition. A food delivery system is different from a nutrient delivery system and cannot be measured primarily by its nutrient delivery capacity. Within a food delivery system, there exist degrees of possible food combination choices that span a continuum from voluntary to involuntary. Many factors influence the degree of choice one may have — factors such as age, career, income, health status, food technology and foodservice. The "balanced diet" is a variable that depends upon the type of food delivery system chosen, if you have the opportunity to choose it and if it is available to you. The priority given to whether or not a meal is balanced shifts along the continuum from voluntary to involuntary, according to how much choice is involved. Government programs also span the continuum, with the concern for balanced diets ranging from none to partial to specific. If the long-range objectives of these programs is not only to thwart hunger and improve nutritional status, but also to improve food habits, then an educational component spanning a broad series of nutritional goals must be developed and implemented.

Dr. Allan Forbes . . . "Government Regulations and Nutrition Alternatives"

The FDA's basic mission in nutrition is to improve and maintain the quality of the national food supply. Food label revisions currently under consideration include the addition of sodium, potassium, cholesterol and total sugars to nutrition labels. Most people still perceive calories to be the most important information on the

food label. Although some 80% of the population is capable of using label information, only about half of consumers claim they use nutrition labeling periodically. One problem currently under investigation is how best to present the information on the labels, both in terms of its quantitative expression and its visual, numeric or adjectival presentation. The safety and nutritional quality of the food supply is maintained by food standards, regulations governing substitute foods, label warnings and occasionally by physically banning a food. RDAs are used as the standard for virtually every approach to the regulatory aspect of food safety and nutritional quality. Food fortification is a useful adjunct for improving and maintaining the nutritional quality of the food supply and may represent a partial solution to the problem of declining caloric intakes revealed by food consumption data.

Dr. James R. Kirk . . . "They Don't Make a Balanced Diet the Way They Used To"

Despite such clichés as this, most of the changes in food processing, preservation and production have been for the better. The food industry must be prepared to supply a potential four billion people in the world, and such a challenge requires new preservation and manufacturing techniques. National health improvements imply that the U.S. food supply is in fact the best in the world. The problem is not with the food supply, but with the consumer's ability to deal effectively with the myriad food choices presented to him. Ingredient labeling without nutrition education has created "chemophobia" among consumers — a growing fear of what is in the food. The marketing component of the food industry has compounded this problem by using such buzz words as "purely organic" and "additive free", ultimately creating a credibility gap between industry and consumers. In order to shop intelligently and combine foods to create a balanced diet, we must be able to work within a framework of nutrition education and knowledge. Nutrition education is a highly complex subject and must span the entire educational experience, because the task of dealing with the food supply will not become easier: it will become increasingly difficult in future years.

Stay Healthy

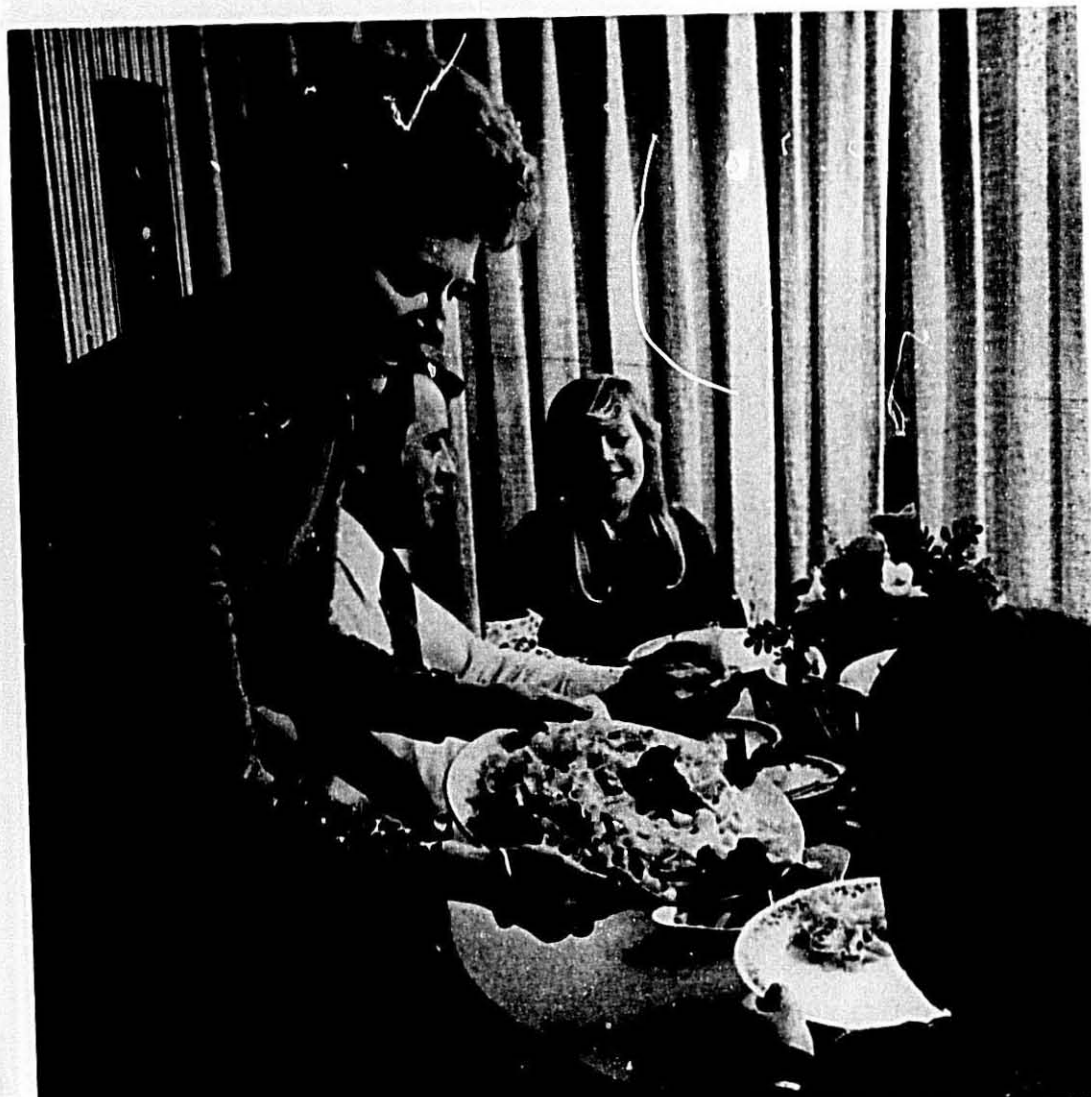
Advice by Dr. Bruce Yaffee

Some people work too hard at making themselves healthy. Actually the human body is an intricate organism with feedback mechanisms to maintain itself in a healthy state. To help your body do its best:

- Maintain a comfortable weight. Being too thin is not healthier than maintaining your normal weight.
- Do not take vitamin supplements if your diet is proper.
- Learn to cope with stress. Best: Relaxation exercises, biofeedback courses, psychotherapy.
- Exercise all muscle groups daily without excessive strain.
- Avoid sleep medications. If anxiety or depression causes poor sleep patterns, come to grips with the underlying problems.
- Establish good rapport with a physician you can trust.
- Listen closely to your body. Good health is a combination of using common sense and allowing the body to heal itself. By avoiding all the good things in life, you will not live longer. It will only seem longer.

Fitness Facts

According to a survey by the U.S. Department of Health, Education and Welfare and the Bureau of the Census: 88 percent of us think we're in good to excellent health; half of us exercise regularly; women are more apt to exercise than men; cholesterol levels, smoking and deaths from heart disease are on the decline. On the other side of the coin, 12 million of us regularly smoke marijuana; 16 million of us drink six or more cups of coffee a day; 55 percent of us are regular drinkers. Out of every 100 deaths in 1978, 38 were due to heart disease, 21 to cancer, 9 to stroke, and 6 to accident—48 percent of which were due to motor vehicles (American Demographics, November-December, 1980).



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

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Coca-Cola Scores Deals

Retailers and manufacturers "are killing ourselves with our preoccupation with deals and our constant emphasis on price-only selling," Eugene V. Amoroso, president of the foods division of Coca-Cola Co. said at the executive management conference of the Cooperative Food Distributors of America.

The emphasis on deals coupled with high list prices has been deplored by a number of retailers, most recently Joseph Senitt, vice president, grocery, of Waldbaum, Central Islip, N.Y.

But Amoroso was one of the first suppliers to make the same point.

The Coca-Cola food division is designing its market strategy for 1982 to stress "realistic pricing" rather than relying on "deals to move merchandise," Amoroso said following the session.

The only place for deals in merchandising strategy should be to move additional, not regular, merchandise, he said.

Amoroso said he deplored the unreasonable price structure that had made heavy deal selling possible. Asked if his division would be cutting prices to bring his firm into the "realistic pricing" category, he said all details had not been completed and one possibility was just not to raise prices as cost factors increased. In some cases that I know about, the money made on deals — the gain on inventory — was equal to or exceeded the total net profit of the reporting company.

"The deal has, in fact, been the only reason for the existence of many businesses — like the warehouse store. But do we all have to be squeezed into the same trap?" he asked.

Quality and value are as important as, or even more so than, price in the market place, he said, but too many manufacturers and retailers are overlooking everything in the merchandising arsenal other than price.

"When a customer sees a product that has a regular shelf price of \$1 and is on sale for 59¢, what kind of credibility does that \$1 price have? The disparity is too great. And I am not just pointing fingers at other manufacturers, because that product is just as likely to be one of ours. . . . Customers are asking, 'Hey, just what is the real

price? And how much money do these guys make?'"

Amoroso said, "Consumers don't believe us anymore — and neither, by the way, does FTC."

He said too many independents, once the leaders in creative merchandising in the food industry, were becoming followers of the large chains, "frantically copying the price-only, deal-only lead. As a consequence, many of them have no clear image of their own."

He urged retailers to use more "imaginative selling" to return to profitability.

"The diverting . . . the cut-throat underselling . . . the suicidal competition . . . the unrealistic deal rates . . . it's all got to stop. I believe this must happen to get this business back on a rational basis."

Lighter, Healthier Food For the Eighties

Nouvelle cuisine. Crisp steamed vegetables. Chicken salad, tuna salad, shrimp salad, health salad — any kind of salad. Fish: Broiled, baked, poached, tempuraed. Quiche: Lorraine, spinach, mushroom or what-have-you. Edam, Stilton, Bleu, Brie, farmer, cottage cheese and more.

Nobody knows better than the exhibitors and buyers at the U. S. International Food Show how these foods have changed the meat-and-potatoes diet that's been America's staple for so long.

No End in Sight

1982 will see the trend continue, with emphasis on lighter beverages as well as foods, and more interest in fruits, nuts and cheeses for appetizers to desserts.

This change is reflected on supermarket shelves where bean sprouts, wheat pasta, granola, snow peas and herbal teas now share space. One no longer has to search through health food stores or ethnic neighborhood shops to find these items.

In fact, they're being taken for granted as part of the new American diet, instead of being looked upon as exotic fare.

Expanded Cuisine

Restaurants are also giving more space on their menus to lighter, more varied selections. And the number of restaurants that offer these items has

multiplied in the last few years.

Omelettes are now served without apology as dinner entrees. Ratatouille or salad accompanies the hamburger almost as often as French fries. Fish has become an alternate choice at coffee shops and fast-food chains. A good hearty soup, fresh-baked bread and wine make a whole meal for a growing number of people. Others fill up on salad combinations they put together themselves at modestly-priced restaurants.

One can even sample a taste of the new from pushcarts around New York. Souvlaki to teriyaki it looks like they're giving the hot dog a run for its money.

More Changes Seen

The food and beverage industry has helped whet the American appetite for more sophisticated fare — on the streets, in restaurants and in their own kitchens. It's both a delicious and educational experience.

More great innovations will be served up to influence tastes at the U.S. International Food Show, April 14-18, New York Coliseum.

Advertising Down

Advertising received 40.4% of the promotional budgets at 54 major companies last year, says Donnelly Marketing, a Stamford Conn., marketing services concern. That's down from 43.6% two years earlier.

Also losing importance was trade promotion — discounts and other incentives for retailers. It got 34.9% of the spending last year, compared with 38.8% in 1978. The gainer was consumer promotion—coupons, sweepstakes, product samples, cents-off packages and refunds. Such promotions accounted for 24.7% of the budgets in 1980, up from 19.6% in the earlier period.

Marketers may be spending proportionately less on advertising, but they're happier with the result, says another survey. Compton Advertising found that 78% of the 74 large companies that answered its poll rated their advertising as more effective than it was five years ago.

Because both surveys are based on limited samples, the results aren't definitive indicators. Still, they're in line with what other marketing experts say are trends.



Golden Grain Scholarship Grant Won by Safeway Employee

John McHugh (center) an employee of Safeway Stores, Inc. was named winner of a one-year scholarship grant given by Golden Grain/Ghirardelli Foods. The \$6,100 grant is for study at the University of Southern California in the School of Business Administration.

McHugh, who was chosen from among a large group of applicants by the University's selection committee, will take special courses in Food Marketing, Food Retailing Management, Food Industry Leadership, Accounting, Communications and Finance.

"Golden Grain and Ghirardelli Foods are pleased to make this annual grant to help advance the careers of capable young people within the food industry and to assist them in preparing for positions of management responsibility," said Tom DeDomenico, executive Vice President of Golden Grain.

Scholarships are offered to part-time or full time employees of retail or wholesale food distributors eligible for membership in the Western Association of Retail Grocers of the United States, Cooperative Food Distributors of America, National - American Wholesale Grocers Association, National Association of Convenience Stores or voluntary associations. Donor companies may also nominate their own employees.

Shown with McHugh is (left to right) Safeway Chairman Peter Mcowan, McHugh and John Palazzo, Divisional Sales Manager of Golden Grain who presented the scholarship award certificate.

Rice-A-Roni Tie-in

Golden Grain Rice-A-Roni and California Avocados are teaming up

with a full-page, four-color ad offering a recipe for "Mexican Skillet Supper" — especially developed to meet the needs of today's busy homemaker, and appealing to the growing consumer interest in Mexican food.

The recipe is an easy-to-prepare, nutritious Rice-A-Roni and chicken filling, served on a California Avocado half shell, topped with a zesty chile salsa.

Appetite appeal is enhanced with colorful photography illustrating the ingredients, and an attractive serving suggestion of the completed dish.

With their second largest crop in history the California Avocado Commission is anticipating a very good year for retailers. Fruit will be available on a year-round basis and will be supported by monthly ad campaigns and extensive sales promotion efforts.

In addition to Family Circle, the Rice-A-Roni and California Avocado ads will appear in February McCall's, Good Housekeeping and Sunset.

SSC&B: Lintas Worldwide in Los Angeles is the ad agency.

Progresso Enters Food Service Industry

Progresso Quality Foods, manufacturer of authentic Italian foods, is now marketing a line of Italian products developed especially for the food service industry.

The initial line-up of products now available includes Progresso's popular Minestrone and Lentil soups, which have been formulated specifically for the food service industry in condensed forms.

Also available are Progresso Italian-style sauces with rich, thick, zesty authentic flavor. These include: Pizza Sauce with Basil; Fully Prepared Pizza Sauce with Spices and Oil; Italian Style Cooking Sauce with Diced Tomatoes; and Spaghetti Sauce with Mushrooms.

Progresso is marketed by Ogden Food Products Corporation, Restaurant and Institutional Products Division, which also markets Las Palmas Mexican foods and Sweet 'N Low Lite Fruits.

Product samples and additional information can be obtained by writing to Ogden Food Products, Drawer J, Stockton, California, 95201-3013 or call collect (209) 946-4104.



Barry W. Robinson

Prince Appointment

Effective January 4, 1982, T. J. Settany, President of Prince Foods Company, has appointed Barry W. Robinson to the position of Vice President, Marketing/Sales of the Prince Foods Company.

Prior to joining Prince Foods, Barry Robinson was with Procter and Gamble and the H. P. Hood Companies.

Winter Push

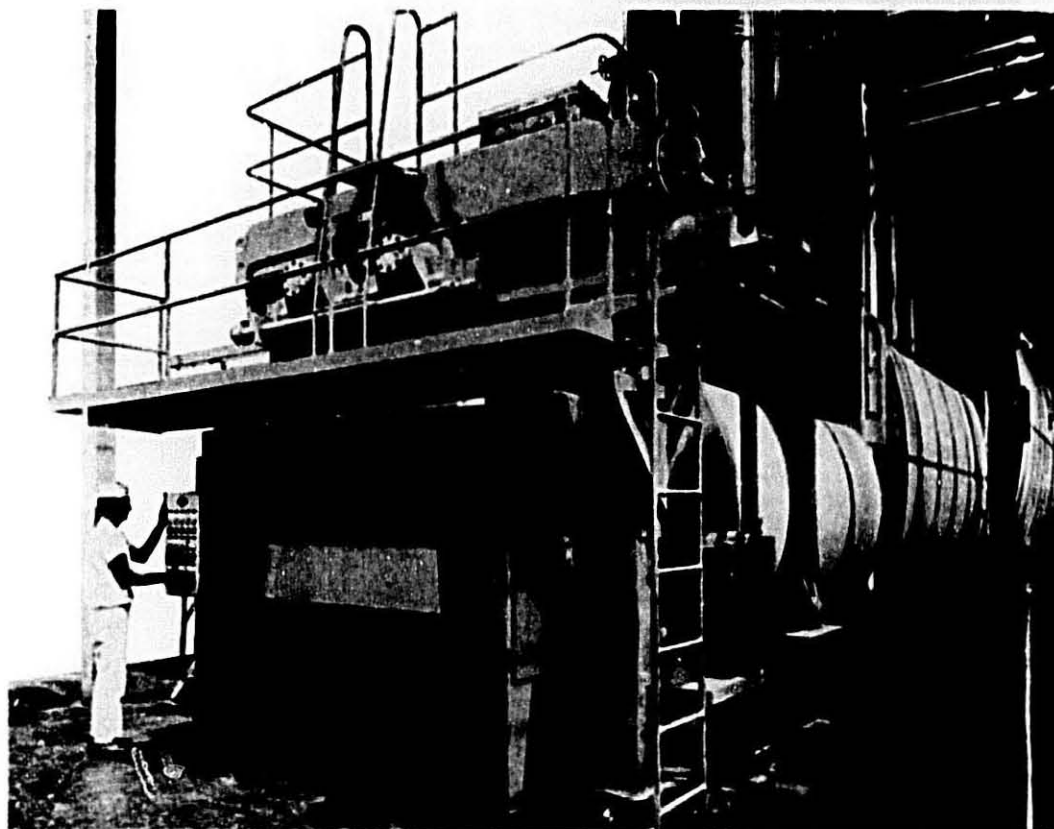
Kraft macaroni & cheese dinner emphasizes its genuine cheddar flavors in full-color, full-page ads appearing in February issues of Family Circle, Parents, Families, Good Housekeeping, McCall's, Working Mother, Redbook, True Story and People.

Skinner-ConAgra Agreement

San Giorgio-Skinner Macaroni Co., Omaha, has entered an agreement with ConAgra, Inc., in which Skinner will supply durum wheat to be milled by ConAgra to produce semolina for Skinner Pasta products. C. Mickey Skinner, vice-president, finance, said ConAgra would not become the sole supplier of semolina to Skinner under the agreement. "The reason for this step," he said, "is we feel that given the ability to buy durum, we can provide the mill with quality durum and improve the quality of our finished product. We can buy selectively, whereas those in the commercial milling business have to buy in substantially greater volume. ConAgra will handle storage, cleaning, elevating and milling the product for us. All purchasing of raw durum wheat will be Skinner's responsibility."

BUHLER-MIAG LONG GOODS LINES

Performance You Can Depend On!



Long goods line with maximum capacity of 3000 lbs/hr. Line consists of Double Screw Press TPBI, Spreader TSSA, Dryers TDEC-3/TDCA-4/TDFB-11, Stick Storage TAGB, Cutter TST and Stick Return.

Three Standard Models . . . 500 to 4500 lbs/hr.

LONG GOODS DRYERS

MODEL	CAPACITY
TDEC/TDCA	500 to 1000 lbs/hr.
TDCA/TDCA	1000 to 2500 lbs/hr.
TDCA/TDFA	2000 to 4500 lbs/hr.

Product quality and consistency sell. Buhler-Miag quality and reliability give you the selling edge.

THE MACARONI JOURNAL

Reliable Performance

- Sturdily-constructed 2- or 4-stick spreaders allow selection of ideal extrusion area for a given capacity.
- Spreader, Dryer and Stick Storage are continuously driven and controlled by one variable speed drive.
- All stick conveying chains and drives are heavy duty and contain automatic tensioners. Dryers have lubricating systems requiring an absolute minimum of maintenance.
- Automatic climate controls ensure proper conditions at every stage. Zones are completely separated, cutting down on required supervision.
- Motors, sprockets and drive chains, in addition to electrical and climate controls, are standard U.S. components.

Efficient Energy-Saving Design

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

Bacteria Control

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

Top Quality Product

High drying temperatures in both final drying stages improve product texture, cooking quality and appearance.

Steady, high temperature raking ensures a straight product, ideal for the high speed packers of today. The high humidity drying climate gives the product an appealing golden color.

Contact us for information on Buhler-Miag Long Goods Lines and other Macaroni Processing Equipment.



Super sanitary design for easy maintenance. All-plastic panels swing out for easy access to all machine parts. Extra-thick polyurethane insulation and off-the-floor construction prevent condensation.



Each spaghetti strand travels exactly the same path, so you can count on consistent drying results. Positive control stick elevator keeps sticks from rolling or sliding from transfer point to the drying tiers.



BUHLER-MIAG®

BUHLER-MIAG, INC., P.O. Box 9497, Minneapolis, MN 55440 (612) 545 1401
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RHM Shows Overseas Profits

The annual financial statement of Ranks Hovis McDougall Ltd. for the 1981 fiscal year, affirming the record sales and profits previously reported, underscores the major importance of the company's operations outside the United Kingdom, including food and pasta operations in the U.S. According to the annual statement, for the year ended Sept. 5, 1981, non-U.K. companies accounted for only 13% of sales, but 30% of trading profits after depreciation.

External sales of RHM for the 53 weeks of the 1981 fiscal year amounted to £1,573 million (\$3,006 million), of which the U.K. accounted for £1,361 million (\$2,601 million), European countries for £82 million (\$157 million) and other countries for £130 million (\$248 million).

Problems with Pasta

"Pasta Foods continued to experience some production problems resulting from the transfer of manufacturing from St. Albans to Great Yarmouth, but is overcoming them progressively and working vigorously to regain the sales lost to cheap E. C. pasta imports," the report says. "The supply of products to snack food manufacturers continued buoyant and much effort went into the development of new products to this sector."

"The pasta companies (Gioia, Merlino's and Ravarino & Freschi) encountered problems toward the end of the financial year through an unprecedented rise in the price of durum semolina, and this affected their profitability. Work has begun on the modernization and expansion of the Gioia Macaroni factory, incorporating the most advanced manufacturing technology."

Hershey V.P. Research and Development

Charles L. Duncan has been appointed Vice President, Research and Development, in the Science and Technology Department of Hershey Foods Corporation. Dr. Barry Zoumas, Vice President, Science and Technology announced today.

In this position, Dr. Duncan will be responsible for the current research and product development activities within Science and Technology.

Dr. Duncan holds a B.S. in biological science from the University of Tennessee, an M.S. in bacteriology from Louisiana State University and a Ph.D. in bacteriology and biochemistry from the University of Wisconsin.

Prior to joining Hershey, Dr. Duncan was Vice President of Food Science and Technology at Campbell Soup Company. Before that, he was a professor in the Food Research Institute and Department of Bacteriology at the University of Wisconsin.

In 1976, he received a National Institutes of Health Research Career Development Award. In 1980, he served as chairman of the Food Microbiology Division of the American Society for Microbiology. He is also a member of the Institute of Food Technologists and has served on several national scientific and technical committees, including an Office of Technology Assessment Committee on Agricultural Research. In addition, he has published more than 75 scientific papers.

Rexham Announces New Laboratory Complex

The Industrial Division of Rexham Corporation has announced plans to construct a \$3.7 million developmental laboratory complex. The 33,000 square foot facility will be constructed adjacent to the Industrial Division's manufacturing facilities in Matthews, NC. Occupancy is scheduled for early Spring 1983.

Bryant Frech, Vice President and General Manager of Rexham's Industrial Group, states that the laboratory will initially house 40 technical personnel, plus the Marketing Staff. The laboratory will include a unique modular work area and will incorporate the latest in energy-saving devices. According to Frech, the demand for highly specialized development technology in Industrial's markets is growing rapidly. "We will continue to meet the challenges of our industry and this new facility reinforces our commitment to our customer's needs," Frech explained.

Rexham Industrial is a leader in the design and development of technically demanding flexible materials calling for coatings and laminations of foils, tissues, and films serving diverse markets such as photographic, electronic, decorative and medical products. A

part of Rexham Corporation of Charlotte, NC, the Industrial Group has five manufacturing facilities including two plants and headquarters in Matthews, North Carolina; Lancaster, South Carolina; Wrexham, Great Britain and National Spectographic Laboratories in Cleveland, Ohio.

Borden Profits Rise

Borden Inc. said earnings rose 25% for the fourth quarter and 8.4% for the year, citing strong performance in its consumer products division.

Fourth quarter net income rose to \$42.4 million, or \$1.44 a share, from \$33.8 million, or \$1.13 a share, a year earlier. Sales declined 3.7% to \$1.06 billion from \$1.1 billion.

For all of 1981, Borden net income totaled \$159.9 million, or \$5.45 a share, up from \$147.5 million, or \$4.77 a share, a year earlier. Sales fell 3.9% to \$4.42 billion from \$4.59 billion. The drop in sales reflects the company's sale of several operations since July 1980 under an asset redeployment program, Borden said.

Operating profit for 1981 declined 4.2% to \$292.4 million from \$305.3 million, which the food and chemical concern attributed to the loss of income from discontinued operations, to higher natural gas costs resulting from a supplier's contract cancellation two years ahead of schedule and to higher foreign exchange losses.

Dollars Spent at Home Versus Eating Out

The United States Department of Agriculture recently put out the following figures (Billions) which profile dollars spent on food at home vs eating out for the period 1970-1980:

	At Home	Away From Home
	(Billions)	
1970	\$ 91.8	\$27.7
1971	94.2	29.1
1972	100.6	31.8
1973	112.2	35.7
1974	127.3	40.2
1975	139.4	45.8
1976	149.3	51.2
1977	160.6	57.3
1978	177.2	64.2
1979	199.7	73.3
1980	222.3	80.0

Peavey Capital Spending Program

Peavey Company has scheduled a record capital spending program over the next three years in support of its plans for an increasing share of grain and flour markets, as well as expanding its retail sales in the rural economy. William G. Stocks, chairman and chief executive officer, and George K. Gosko, president and chief operating officer, disclose in the company's annual report for fiscal 1981.

"Capital expenditures during fiscal 1982," Mr. Stocks and Mr. Gosko say in their letter to shareholders, "are expected to be approximately \$31 million, compared with \$21 million in fiscal 1981, and are expected to aggregate approximately \$125 million over the next three years, by far the largest capital spending program in our history."

Capital expenditures of \$21,054,000 in the fiscal year ended May 31, 1981, were the largest since fiscal 1978, when expenditures totaled \$33,136,000.

"Our confidence in the future of the industries in which we participate," the Peavey officers note, "is underscored by the significant capital expenditure programs."

"The planned new capacity will complement our existing facilities and enable us to increase our share of the growing markets for grain and flour, as well as expanding our retail sales in a strong rural economy."

Peavey Company, as previously announced posted record sales and earnings in the fiscal year ended July 31. Net income was \$23,418,000, equal to 4.16 per share on the common stock, up 4% from the previous record of \$22,624,000, or \$4.02 per share, in fiscal 1980.

Sales in fiscal 1981 aggregated \$20,884,000, a 12% gain from the fiscal 1980 record of \$18,628,000. In the fiscal year ended June 30, 1979, Peavey had net income of \$17,940,000 on sales of \$594,430,000.

"Our performance was particularly gratifying in view of a very difficult economic environment for many of our businesses," Mr. Stocks and Mr. Gosko state of the past fiscal year. "1981 was also a year of significant activity in line with our stated inten-

tions of concentrating efforts in the areas of grain and retail merchandising and food processing.

"The sale of Brownberry was completed in the third quarter and, shortly after yearend, U.S. Floor Systems was sold.

"Plans for construction of a new flour mill near Phoenix, Ariz., were completed and construction will begin this fall. This new facility, scheduled for completion in fiscal 1983, will be our tenth flour mill; six of which are located in faster-growing Western states.

"Plans were advanced for construction of a major grain export elevator on the Columbia river at Kalama, Wash. This facility, targeted for completion in fiscal 1984, will improve our ability to serve the Pacific Rim countries and will substantially increase our total grain export capacity.

"Plans to enter a fourth category of specialty retailing were also completed. Five stores, operating under the name Peavey's and specializing in work and outdoor clothing, will be opened this fall."

All of the 4% volume gain in flour milling came in bakery flour, the report notes, adding, "Volume of semolina and durum flour for the pasta industry declined as a result of a decrease in pasta consumption and increased total industry capacity for semolina and durum flour."

Drop at Peavey

Earnings of Peavey Company declined in all three operating groups in the first quarter ended Oct. 31. William G. Stocks, chairman and chief executive officer, announced at the annual meeting of shareholders Dec. 3 in Minneapolis.

Net income of Peavey in the first quarter totaled \$4,387,000, equal to 77¢ per share on the common stock, off 37% from \$6,979,000 or \$1.26 per share, a year ago. Sales aggregated \$195,755,000, down 6% from \$208,971,000 last year.

Mr. Stocks commented as follows on the first quarter operations:

"The Agricultural Group has reduced grain volume and lower margins as a very competitive grain mer-

chandising environment continued throughout the quarter.

"Retail Group sales increased 7%, though earnings declined. Both sales and earnings from fabric stores improved over the first quarter a year ago. Farm store sales increased, but competitive selling conditions in a very weak farm economy, and high operating costs, reduced earnings. Building supply sales and earnings declined from last year's first quarter as recession in the housing industry continued."

Despite strong flour volume in the quarter, Mr. Stocks said the Food Group had lower earnings as competitive selling conditions reduced margins. Home Brands earnings were down, he added.

"We continue to face extremely competitive conditions in both grain merchandising and flour milling, as well as a very weak farm economy and reduced construction activity," Mr. Stocks said. "While we believe that earnings comparisons for the remaining three quarters of fiscal 1982 will be more favorable than the first quarter, it is likely that full year earnings will be less than last year."



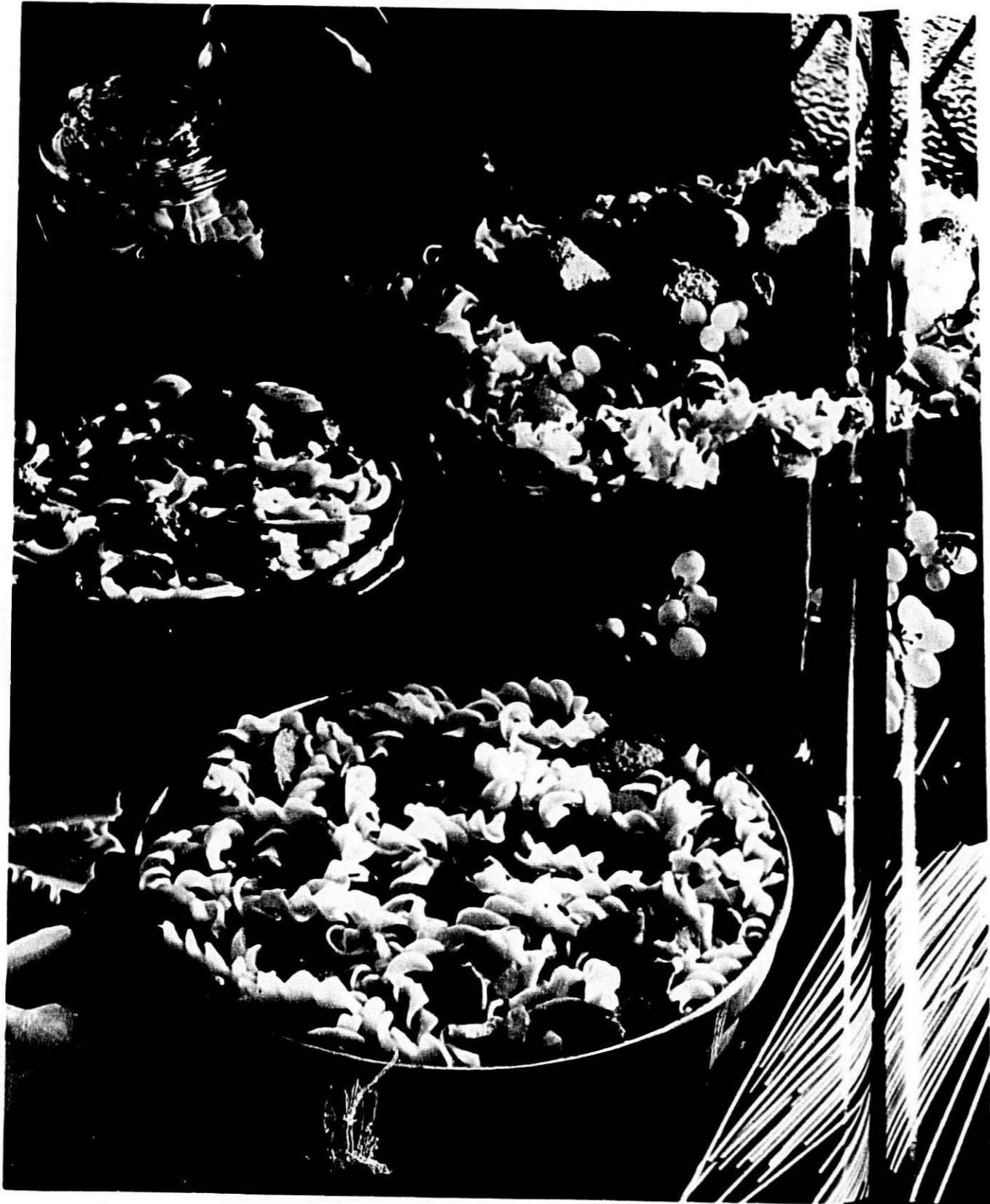
M. W. K. Heffelfinger

M. W. K. Heffelfinger Announces Retirement

Marcus W. K. Heffelfinger, Peavey Food Group Vice President, announced plans to retire from active management on July 31, 1982.

Mr. Heffelfinger, who will be 58 in July, joined Peavey in 1947. He was elected a Peavey Vice President and

(Continued on page 20)



Peavey

*Superior
Quality
Performance*

Sales Offices

ALBANY, NY	ALBANY, NY	ALBANY, NY
ALBANY, NY	ALBANY, NY	ALBANY, NY
ALBANY, NY	ALBANY, NY	ALBANY, NY
ALBANY, NY	ALBANY, NY	ALBANY, NY
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Heffelfinger to Retire

(Continued from page 17)

a director in 1960. He was elected a Group Vice President in 1965, with responsibility for the Company's flour milling operations. Since 1979, he has had responsibility for all Peavey food processing operations.

GTA Marketing Director

Garry A. Pistoria has been named senior vice-president and director of commodity marketing for the Grain Terminal Association, effective Feb. 1. As director of commodity marketing, Mr. Pistoria succeeds Allen D. Hanson, who becomes president and general manager of the St. Paul-based grain marketing and processing cooperative on Feb. 1. He succeeds B. J. Malusky, who is retiring after 14 years as G.T.A.'s chief executive officer.

Currently assistant vice-president of grain marketing, Mr. Pistoria joined G.T.A. in 1961. He was named a grain merchandiser at G.T.A.'s Great Falls, Mont., office in 1968, and opened the West coast office in Portland, Ore., in 1975. Mr. Pistoria managed the Portland office for two years and became senior wheat merchandiser at St. Paul in 1977.

He was named manager of wheat merchandising in 1979 and became assistant vice-president of the grain marketing division last summer. A native of Great Falls, he attended Great Falls College and Montana State University, Bozeman.

Multifoods' Earnings

International Multifoods Corp. announced record earnings for the third quarter and nine months ended Nov. 30.

Third quarter net earnings advanced 16 percent to \$12.5 million or \$1.55 per common share on sales of \$299 million. This compares to earnings of \$10.8 million or \$1.33 per common share on sales of \$311 million for the same period a year ago.

Results for the first nine months of fiscal 1982 showed a 23 percent improvement in net earnings to \$22.4 million or \$2.77 per common share, while sales increased seven percent to \$857 million. The company had net earnings of \$18.3 million or \$2.25 per common share on sales of \$799 million for the same period a year ago.

Darrell M. Runke, company president, reported that, "As has been true throughout the year, our key gains in earnings for the quarter were made in the consumer market segment and from our agricultural affiliate in Mexico."

Runke noted that strong gains in consumer sales and earnings for the quarter were led by an excellent performance in Canada, together with some strengthening of selected U.S. product lines, principally Kaukauna cheese. The Canadian performance was further supported by a gain from re-deployment of assets, resulting from the sale of its frozen food operations, contributing approximately 11 cents per share for the year.

A healthy performance by Boston Sea Party restaurants, combined with Mister Donuts' increased number of units operating worldwide, resulted in sales and earnings gains in the away-from-home eating segment.

While sales in the industrial segment were off, consistent with declining domestic commodity prices, earnings increased principally on the strength of bakery flour in Venezuela.

Although U.S. agriculture market conditions for feed contributed to an overall decline in the segment, results continued to be favorable in Venezuela and Canada. The company's developing private label pet food business in the U.S. continued to perform favorably.

William G. Phillips, Multifoods chairman, said that, "Although sales declined, this marks the fourteenth consecutive year of record earnings in our important third quarter. We are pleased by the continuing strength of Multifoods' markets worldwide, and expect fourth quarter results to contribute to record sales and earnings for the current fiscal year."

ADM Gains

Net income of Archer Daniels Midland Co. in the second quarter and six months ended Dec. 31, 1981, was ahead of year-ago levels.

ADM attributed the improved six-month earnings to the effect of commodity price decreases on last-in, first-out inventory valuations.

Net income of ADM in the three months ended Dec. 31, was \$57,485,000, equal to 79¢ per share on the common stock, up 31% from \$43,-

853,000, or 68¢ per share, a year ago. Per share earnings are based on average shares outstanding of 72,354,000 in the second quarter of fiscal 1982 and 64,938,000 in the second quarter a year ago, adjusted for the 50% stock dividend in the form of a three-for-two stock split in March 1981 and the 5% stock dividend in September 1981.

In the six months ended Dec. 31, ADM had net income of \$105,730,000, equal to \$1.46 per share, based on average shares outstanding of 72,347,000. That compares with earnings of \$79,867,000, or \$1.24 per share, on 65,646,000 average shares outstanding, adjusted.

The effect of commodity price decreases on LIFO inventory valuations increased net income by \$41 million, or 57¢ per share, in the first six months of fiscal 1982, ADM said. In the six months ended Dec. 31, 1980, the effect of commodity price increases on LIFO inventory valuations reduced net income by \$47 million, or 47¢ per share.

Provisions for federal and state income taxes in the first six months totaled \$41,240,000, up from \$21,025,000 in the first half of fiscal 1981.

Algerian Durum Purchases Rebound

As a result of purchases made in January, Algeria will again become the number one customer of U.S. durum, according to the North Dakota State Wheat Commission.

Neal Fisher, NDSWC marketing specialist, said the Algerian durum purchases amounted to 290,000 metric tons or 10.6 million bushels, of which 3.7 million bushels will be shipped next marketing year. He said the durum sold for \$4.38 per bushel on board ship at Duluth and \$4.30 per bushel on board ship at the Gulf.

Fisher said Algerian durum purchases now total 23.5 million bushels. "These purchases are not only the second largest, but an immense rebound from last year's low level imports," Fisher said.

In the 1980-81 marketing year, durum sales to Algeria were 5.9 million bushels and in 1975-76 Algerian purchases were a record 26 million bushels.

According to Fisher, Algeria's decreased durum plantings, poor harvesting weather, low stocks and export commitments not met by Argentina prompted Algerians to increase their original tender of 7 million bushels to 0.6 million bushels to satisfy their country's yearly needs.

Canadian Pay-Out

Senator Hazen Argue, the minister in the Trudeau Cabinet with responsibility for the Canadian Wheat Board, hailed the final Board payments to western farmers from the 1980-81 crop pool, totaling \$549.7 million, as a "good result."

Mr. Argue said, "This is the producers' own money from the sale of grain and is not a payment from the federal government. It is the money due western grain farmers after deducting the board's expenses in selling grain on the producers' behalf."

Senator Argue congratulated the Wheat Board for "an excellent job in selling western grain." He said the 1980-81 returns "further demonstrated the benefit of the system of central selling, orderly marketing and price pooling for wheat, oats and barley."

The only grain on which he expressed disappointment was durum, where the final payments totaled only \$1.2 million, as contrasted with \$438.2 million for other wheat. "There are good reasons for this, though," he said. "Increased production in the main importing countries and plentiful supplies in exporting nations caused a major decline in durum prices in the latter part of the crop year. Furthermore, producers delivered a significant quantity to the Board in the last month of the crop year."

As a result he said that the final return for No. 1 C.W. amber durum was \$6.52 per bu, which was still up 4¢ from the level of the previous crop year and was 47¢ more than farmers received for No. 1 C.W. red spring wheat.

He noted that the initial payment for durum wheat was raised from \$5 per bu to \$6.50, reflecting the Board's "best judgment as to the price outlook." With the final average return at only \$6.52 or 2¢ above the initial price, Mr. Argue said this showed that the price decline was greater than expected and "clearly indicates that the

narrow durum market is more volatile than for other grains."

Mr. Argue said that the Board's results in 1980-81 and its projected performance in the current season augur well for achieving the export target of the mid-1980's. "Despite occasional downturns in the market, such as are evident this crop year, producers will need to maintain and increase production in this and future years in order to maintain our position in the expanded world market," he said.

Plastic Packaging Rises

Plastic Packaging gets a boost as the rising cost of energy needed to produce glass and metal containers discourages their use by food companies, Arthur D. Little Inc. says. Use of plastic wrappings is growing about 7% a year, compared with 2.5% growth for the packaging-materials industry.

Package Problems

What packages irk people the most? Consumer Network Inc., a Philadelphia research concern and packaging consultant, recently asked that question of its shoppers panel. Following are some of their choices, along with the percentage of the 145 respondents who indicated dissatisfaction:

Lunch meat	77%
Bacon	76
Flour	65
Sugar	63
Ice cream	57
Snack chips	53
Cookies	51
Detergents	50
Fresh meat	50
Noodles	49
Lipstick	47
Nail polish	46
Honey	44
Crackers	44
Frozen seafood	40
Nuts	39
Cooking oil	37
Ketchup	34

Change is likely to be slow, though. The main reason is cost: A major package modification may require new molds, dies and handling equipment. "A physical change is much more difficult to achieve than a graphic change," says Richard Gerstman, president of Gerstman & Meyers, a New York design firm. "It involves much more than changing a printing plate."

Durum Market

During the first week in February Choice #1 Hard Amber Durum rose to \$4.80-\$5.00 Minneapolis from \$4.75 where it had stood since August.

Milling quality was \$4.40-\$4.80. Terminal quality was \$4.15-\$4.40. Semolina ranged from \$12.40 to \$12.50, Minneapolis; granular \$12.20-\$12.25; fancy patent durum flour \$12.00.

Egg Products

January price range from U.S. Department of Agriculture.

Central States Net Run \$11.70 to \$15.30.

Southeast Net Run \$11.40 to \$15.30.

Dried Whole \$1.77-\$1.94.

Dried Yolks \$1.95-\$2.05.

Farm Act Passed

The 10-and-a-half-month marathon to write a new farm bill ended with Congress sprinting through the final days of the session and passing the measure.

In part, passage of the bill marked a victory for the Reagan administration, which from the beginning sought to lower the cost of farm programs to the government.

The total cost of the new four-year law is estimated at \$11 billion, about \$400 million more than the administration wanted but considerably less than the \$16.6 billion bill the House initially passed.

The law continues grain and cotton subsidies and includes a sugar price-support program and marketing quotas for peanuts — provisions the administration initially opposed.

President Reagan signed the bill into law Dec. 22.

There were few cheerleaders in the House and Senate when the legislation passed.

Some members said the bill was still too costly. Others said it would bankrupt or impoverish the farm community, and some warned the bill's provision for peanuts and sugar would raise consumer prices for those crops.

A 26-member House-Senate conference committee spent five weeks putting together the final bill, trying to reach a compromise between House and Senate versions of the measure.

(Continued on page 24)



Pasta draws a fine line

Most everything about
pasta is positive.

ADM is a leading supplier of high quality wheat and wheat products for the pasta industry. Our products are available in a variety of quantities and are processed to meet the specific needs of the pasta manufacturer. ADM's commitment to quality and service is reflected in our products and the way we work with our customers. We are proud to be a part of the pasta industry and to provide the finest ingredients for the production of delicious pasta.

Pastas – let's tell it like it is.

ADM

ADM also supplies quality shortening, emulsifiers,
oil, soy protein, dough conditioners and vital wheat gluten
for the pasta and baking industries.

Farm Act Passed

(Continued from page 21)

The conference committee approved its compromise report Dec. 8 and then passed the baton to each house for the final stretch.

The Senate passed the report on Dec. 3 and the House on Dec. 16 — the final day of the session.

While the measure passed the Senate 68-31, it passed the House by only 275-203.

The threat of a presidential veto if the measure did not meet the administration's budgetary concerns slowed the pace at which Congress normally moves in forming a farm bill.

"This legislation was drafted under some of the most extreme budgetary limitations in history," said Jesse Helms (R-N.C.), chairman of the Senate Committee on Agriculture, Nutrition and Forestry.

"We had to mesh farmers' needs for sound farm policy with the taxpayer's need for sound fiscal policy," he pointed out.

The 18-title farm law contains provisions on price and loan supports for agricultural commodities, domestic and foreign food assistance, agricultural research and conservation programs.

Revised Target Prices

Major savings between the Senate and House bills were accomplished through a scaled-down dairy program and revised target prices for wheat, feed grains, cotton and rice.

The new farm act may be due for some "fine tuning" over the next four years, say administration, congressional and farm group representatives.

Inflationary pressures on farmers and changes in domestic and world supplies of and demand for farm products may require some amendments to the act, they say.

And some farm groups, unhappy with certain provisions in the act, may also push for change.

"Nothing is ever a permanent bill," says Michael Masterson, director of congressional affairs for the U.S. Department of Agriculture. "The act is meant to be the basic outline for a four-year program."

The National Wheatgrowers Association believes the wheat provisions in the new act are too weak.

"Given the current economic situation and the potential for continued

deterioration (of farmers' financial situations), we will be working to improve the act," says Carl Schwenson, executive vice president of the association.

Grain Industry Benefits From Single Uniform Inspection System

By Kenneth A. Gilles, Administrator
Federal Grain Inspection Service
U.S. Department of Agriculture

When two sports teams play each other, an impartial, independent official is present to administer a pre-determined uniform set of rules. When two parties contest an issue in court, an impartial, independent judge is present to administer a uniform set of laws. When contestants enter a state fair, impartial, independent judges grade the entries under a uniform set of standards.

Much of the same situation prevails when grain is bought and sold. Both the buyer and seller are more confident they are getting a fair deal when the quality of that grain is determined by impartial, independent inspectors under a pre-determined uniform set of grade standards.

This nationwide, uniform set of grain standards, known to all in advance of the transaction and subject to official appeals, is what I refer to when I describe service to the grain industry as one of the major functions of the Federal Grain Inspection Service.

User Fee

Under the new thrust of this administration, and with the concurrence of the Congress, the Federal Grain Inspection Service has been operating under a shift in emphasis since Oct. 1. While fees for grain inspection services were charged before, they have now been increased to reflect more accurately the costs of providing those services.

The user fee concept is not new — it has existed for many services provided by the government. And in the past year, many other agencies have either adopted user fees for the first time or increased existing fees to defray the costs of operation.

In the Federal Grain Inspection Service, we recognized that increased fees would have an impact on grain

transactions, and that there had been complaints that costs were higher than necessary to provide the services.

The agency had grown rapidly since enactment of the U.S. Grain Standards Act in 1976 to enable it to administer the added responsibilities mandated by the legislation. But early in 1981 we recognized that the agency was ready to enter its second phase — that the experience of the first five years had been assimilated and we were ready to begin continuous operation under a leaner and more efficient structure.

And I mean leaner. When we learned we would be asked to obtain about 90 percent of our operating funds from the users of our service — instead of the 60 percent in past years — we moved to reduce our staff in Washington and the field by about 25 percent. We removed a layer of management by closing our five regional offices and we restructured the whole agency so that the field offices now report directly to one person in Washington.

It must be clearly understood, however, that the reduction in staff will not result in a lack of adequate staff, a decrease in prompt responses or a weakening of the integrity of the system. It will mean that the staff will be leaner and taking proper care of work load peaks will require more advanced planning and scheduling.

Reviewing Procedures

In addition to the efficiencies gained from a smaller, better organized staff, we are also reviewing existing procedures to see where they can be improved, and examining proposed procedures more closely before they are issued.

We will be delegating to the private and state agencies more responsibility to supervise their own employees and to ensure the quality of the service they provide. This will result in more decision-making at the local level while holding down costs users must pay for supervision.

We have been told that despite these cost-cutting measures, the new user fees will result in a decrease in demand for official services. Because the new fees have been in effect only Oct. 1, it is too early to estimate the actual impact they will have. But some

(Continued on page 26)

ASEECO

BUCKET ELEVATOR

The Versatile Bucket Elevators with Space Age Design-Sanitized 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

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

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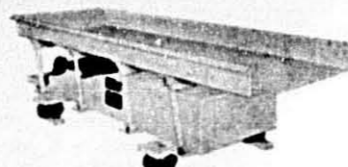


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Vibrating Conveyors: Ideal for conveying materials gently without breakage. One piece stainless steel trays which are self cleaning meet the most stringent sanitation requirements. All units utilize corrosion free "Scotch Ply" reactor springs which 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 cm/T10

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Grain Inspection

(Continued from page 24)

grain firms have already indicated to us they will shift to unofficial services, and some have indicated they will use house grades.

Many other firms, however, have cited the need for an impartial third party to provide standards, supervise services, maintain a reinspection and appeals system and offer negotiable certificates that may be used to obtain credit and are admissible in court.

Without these important elements, many in the industry fear, the climate may be established to foster the abuses which led to the creation of the Federal Grain Inspection Service in 1976.

Our agency will continue to provide these elements while we continue to seek more ways to provide them at the least cost possible. We will be adopting new management tools, better control over costs, refinement of performance standards, improved analysis of grain marketing information and stronger efforts to keep the Congress, the industry and the public better informed of the effectiveness of our operations.

Support the Program

I believe it is in the interest of the grain industry to support our entire program, including research, standardization and special services. If adequate support is not maintained, some lower priority programs may have to be curtailed.

I am confident the Federal Grain Inspection Service will remain the impartial, independent referee in the market place for the grain industry.

Computerized Food Orders May Save Industry \$300M

In a recent article which appeared in *Management Information Systems Week*, it was reported that "a three month pilot test of . . . computer to computer purchase order and invoice linkups has been successfully completed (in Glenview, Ill.) by Dart & Kraft Inc. and Safeway Stores."

Richard Keener, Vice President of Management Information Systems at Dart & Kraft Inc., reported that there may be a "possible industry-wide savings of \$300 million." Arthur Woelfle, Dart & Kraft Chairman, commented that "the major benefits in industry-

wide computer-to-computer linkups are improving productivity by reducing late entry and coding, expediting the receipt of purchase orders and invoices, and reducing errors in the ordering and invoicing process.

"Also upgraded are production scheduling and inventory management, shipment tracing and tracking, cash planning and cash application to receivable open items." Woelfle said that companies that will profit and survive in the future will be those that gain competitive advantage by a variety of means . . . but in order to achieve their potential, companies must have managers who can take full advantage of the technology.

Meanwhile, leading computer expert James Martin forecasted that "the resourceful use of data and information by management, will significantly increase productivity. This is the key to corporate success in the near future and will assure continued growth and profitability." Martin is preparing a one-day seminar for busy executives.

Seminar

In this exclusive seminar, Martin will give non-technically oriented senior executives an overview of the current data processing revolution and provide corporate decision makers with the information required to plan and construct a computerized corporation. An additional feature will include a discussion of corporate strategies for the evolution of office-of-the-future technology.

James Martin has been described by *Computerworld* as " . . . the computer industry's most widely read author, best attended lecturer, and foremost authority on the economic and commercial impact of computers."

The one day seminar, sponsored by Technology Transfer Institute, will be presented in each of the following cities: Washington, DC, March 15; Boston, March 16; Chicago, March 17; and Los Angeles, March 18.

Mr. Martin firmly believes that higher productivity can be achieved through the development of a management infrastructure in which new technologies are blended to achieve maximum efficiency and productivity.

Further information regarding the seminar is available from Technology Transfer Institute, 741 10th Street, Santa Monica, CA 90402. (213) 394-8305.

Foodservice Sales Will Grow

Restaurant industry sales will reach nearly \$137 billion in 1982 — an increase of 9.7 percent over 1981 — according to the National Restaurant Association's *Annual Foodservice Industry Forecast*. Before adjustment for inflation, sales will increase \$12 billion dollars in 1982.

Growth in real sales, adjusted for inflation, will be 1.3 percent in '82 following on an estimated 0.4 percent increase in 1981. These advances represent a significant reversal of the 1978-80 reduction of real sales.

"Our economists are predicting continued growth in real sales," said NRA Chairman Walter Conti, "because they foresee a modest recovery of the economy during the last half of 1982." The overall rate of inflation is expected to slow down, and further tax cuts in mid 1982 will increase disposable income. "Foodservice sales will rise with the expected improvement of consumer attitudes," Conti explained.

Menu prices are projected to rise 8.4 percent in 1982 due primarily to increases in food costs, labor, energy and other operating costs. This projected increase is a marked reduction from the 9.3 percent increase of 1981 and confirms the downward trend from the 1979 peak of 11.2 percent.

Fast food to see greatest gains

After correcting for inflation, real sales in the commercial sector of the foodservice industry are expected to increase 1.7 percent in 1982, which represents a substantial improvement over the 0.5 percent increase in 1981. The institutional group — which includes business, educational or government organizations operating their own foodservices — will see a 0.7 percent decrease in real sales, which follows on a 0.2 percent decrease in 1981. This drop relates to steep declines in real sales at schools and community centers.

In the commercial sector, limited menu or fast food restaurants will continue to show the most rapid rate of growth with a gain in real sales of 3.6 percent in 1982. That gain will follow an estimated 3.0 percent rise this year.

National Restaurant Association
1982 Show, McCormick Place,
Chicago, May 22-26

THE IMPACT OF DEREGULATION ON THE FOOD INDUSTRY: WILL IT CONTINUE?



Richard S. Silverman

The general topic of "deregulation" is both timely and extremely important. However, we must be careful to define what is meant by the term "deregulation" in its application to the food industry. Obviously, it does not mean the elimination of all regulation. There will not, nor should there be, total deregulation. Much of this regulation is important to both the consuming public, i.e., the industry's customers, and to the industry itself. Rather, I believe that what we are, in fact, beginning to experience is regulatory reform or a form of modest deregulation. That is, a concerted effort to provide relief from those regulatory activities of the federal government which have a detrimental effect on the national economy without providing commensurate benefits.

In order to address this subject in a coherent framework, I will discuss the regulatory reform movement's impact on existing regulations, proposed regulations, state and local regulations and, finally, offer my personal views to whether deregulation of the food industry will continue.

Existing Regulations

The regulatory reform movement began during the Ford/Carter years with the publication of Executive Orders requiring agencies to consider inflation and economic impact in proposed rulemaking. The Paperwork Reduction Act designed to minimize the paperwork burden, especially record-keeping and reporting requirements, in the private sector was enacted. The Regulatory Flexibility Act was also signed into law and required each Federal Agency to publish a plan for the periodic review of all regulations focusing particularly on their economic

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Prepared for delivery at the
23rd Annual Canadian-American Seminar entitled
"North American Food Processing: A Struggle For Survival"

Sponsored by
The Institute For Canadian-American Studies
University of Windsor
Windsor, Ontario, Canada
November 12, 1981

impact upon small business.

The overwhelming mandate given the new President, who ran on a platform urging the curbing of "big government", provided enormous impetus to the regulatory reform movement begun in prior administrations. President Reagan seized the initiative in fulfilling his campaign promise on January 29, 1981 when he "froze" the "midnight regulations" promulgated in the waning days of the Carter administration. Then, on February 17, 1981, the President signed Executive Order 12291, requiring each executive agency to initiate a review of its currently effective rules to determine whether the potential benefits outweighed the costs to society. Based upon this review, each agency was required to determine whether a rule should be retained without change, be modified, or revoked.

The administration's commitment to this effort was clearly articulated by Vice President Bush, Chairman of the Presidential Task Force on Regulatory Relief when he said:

"Regulatory relief, as a major component of the President's economic program, is essential if we are to accomplish goals which he has established. This Task Force was instituted by the President to take action, not write reports."

To assist the Task Force in its efforts, the food industry identified a number of existing burdensome regulations. Included are:

OSHA — Noise/hearing conservation regulations

EPA — Best Conventional Pollutant Technology (BCT) regulations

USDA — Prior label approval regulations

FDA — Dilute fruit or vegetable juice common or usual name regulation

FTC — Retail food store advertising and marketing practices.

To date, the Task Force has targeted a number of regulations for review, including USDA's mechanically deboned meat regulations and fruit and vegetable marketing orders; EPA's BCT effluent guidelines and hazardous waste disposal regulations; and OSHA's personal protective device policy and its occupational noise regulation.

While it is too early to determine whether the Task Force will accomplish its objectives, one thing is abundantly clear — the process of revocation of these regulations may be extremely slow. Budgetary/manpower constraints, the extensive review process and, perhaps most importantly, the lengthy procedures which must be followed all guarantee that it will take a substantial period of time to remove existing regulations. Indeed, in this process, we must not forget the admonition that "the consumer groups are alive and well." Their expected court challenges may delay repeal efforts even longer.

New Regulations

The "jury is still out" with respect to the ultimate impact of regulatory relief efforts. However, there is already visible evidence of positive short term success. This is demonstrated by the relative dearth of new regulations being promulgated in the Federal Register. Promise for the more long term implications can also be seen. For example, in the Federal Register of October 27, 1981 USDA published a semi-annual Regulatory Agenda in which it revealed either total withdrawals or withdrawals pending review of the following proposed regulations: microbiological criteria for heat processed meat and poultry production

(Continued on page 28)

Deregulation

(Continued from page 27)

ducts; mechanically deboned poultry; net weight; food labeling; PCB containing equipment. In addition, OSHA recently revoked its walkaround pay rule and EPA cancelled its effluent guidelines for seafood processing and meat packing.

While this evidence provides hope to industry, it should not lead anyone to erroneously conclude that no new regulations will be forthcoming. I predict that these newly proposed regulations will focus on processing and labeling issues which are directly related to safety and health concerns. Activity will surely focus on environmental contaminants, harmful natural constituents, food borne toxins and related matters. Additionally, I predict that we will see a lessening of the historical emphasis which FDA placed on enforcement when developing agency policy. For example, I believe there will be a willingness to permit all segments of the food industry, including retailers, to provide meaningful information to consumers even if it is at slight variance with the actual product or label information.

Hopefully, those regulations which emerge will meet the following objectives:

- sensible, cost effective regulation to remedy a compelling and demonstration need
- goal or performance oriented regulations
- removal of regulatory overlap or at least assurance of regulatory consistency
- revocation or modification of those regulations which, because of their requirements, stand as disincentives to voluntary industry action
- regulation based on sound science
- regulation which allows industry to go about its business with maximum flexibility while ensuring protection of the public health

State and Local Regulations

The outlook for the regulatory reform movement is not as optimistic when the focus turns to state and local governments.

State and local initiatives are continuing at a high level of activity. It appears that states and localities will

continue to fill any real or perceived void created by inactivity at the Federal level. They may see certain regulations as presenting revenue raising opportunities and increase their numbers accordingly. For example, New York City's "short weight" regulation is being copied by numerous jurisdictions as a lucrative revenue raising mechanism.

The number of State and local requirements, standing alone, is burdensome. However, their varying requirements present an even greater problem. This disparity, particularly for labeling, places enormous and costly burdens on any interstate marketer of foods.

Whether this trend toward increasing local regulation and enforcement continues at its present pace will depend on many factors including the diminishing financial resources of state and local governments. It obviously would also depend on whether Congress enacts legislation mandating national uniformity for labeling and other matters. In this regard, it is interesting to note the competing interest involved: on one hand the administration is committed to a "states' rights" orientation; on the other, much of the financial support received by this Republican administration came from the business sector which desperately seeks uniform national requirements. Only time will tell which interest will prevail.

Will Deregulation Continue

In my view, the long term future of regulatory reform for the food industry is largely dependent upon the actions of industry itself. Let me explain by giving two specific examples.

The first is provided by the recent Congressional initiative of Congressmen Neal Smith (Iowa), and Albert Gore, Jr. (Tenn) (both Democrats) along with additional Representatives seeking mandatory sodium content labeling (H.R. 4031).

As most of you know, Dr. Arthur Hull Hayes, Jr., Commissioner of Food and Drug Agency, has been arguing for a voluntary program of labeling and sodium reduction. This position is reflective of a philosophical principle fervently embraced by the Reagan administration. According to Commissioner Hayes, this principle is embodied in one word — "subsidiarity" — which means that "each of us in so-

ciety should do that which we do best." In more practical terms, it means that "the Federal Government should not try to accomplish what state or local governments can do better, and the government should not try to accomplish what the private sector can do more effectively and more efficiently."

In this instance, Dr. Hayes believes that the initiative should properly come from the food industry to voluntarily:

- (1) provide more information to consumers about sodium and sodium content; and,
- (2) reduce the amount of sodium added to foods where practicable and provide consumers with a wider choice of low-sodium foods.

In my opinion, if this opportunity for voluntary action is not assumed by our food industry, two results will follow — both of which are detrimental to the long term success of regulatory reform. First, I predict that in the absence of industry action, mandatory sodium labeling legislation will ultimately be enacted. The second, and significantly more important point, is that if industry fails to act it will be playing into the hands of those who are pressuring for immediate legislation by arguing that industry will never undertake such action, regardless of the public health need, unless forced to do so.

The other example arises in the context of economic adulteration. The trade press has widely reported FDA's admitted budgetary constraints and resultant inability to bring enforcement action with respect to so-called "economic cheats." For example, watered down fruit juice which claims 100 percent juice when in fact it contains but 60 percent. Industry's knowledge of FDA's inability to stop such practices could cause companies concerned only with the "bottom line" to meet the competition. If such a scenario were to unfold, each competitor could, in domino-like fashion, meet the standards of the lowest common denominator in the industry. Thus, in a few years, the condition of the marketplace and the resultant fraud perpetrated on the public would have reached such proportions that Congress would be forced to appropriate significant funds to provide FDA with an ability to enforce the law.

(Continued on page 32)

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Deregulation

(Continued from page 28)

In addition to the industry's effort to keep regulatory reform alive, there is another force at work which will be equally important in establishing the future course of public policy. That force is the mood of the public — the electorate — and this mood is often fickle. This is amply demonstrated by a recent *Food Chemical News* story reporting that "despite an apparent feeling of anti-regulation in the country, a recent Roper public opinion survey showed a decrease in the number of people questioned who believe the Food and Drug Administration 'goes too far'. When asked whether they feel the agency goes too far in regulating the activities under its supervision, doesn't go far enough, or does about the right amount?" Those who said FDA 'goes too far' in the 1980 survey totalled 14 percent of those asked the question, compared to 20 percent who felt that FDA goes too far in a 1976 survey. Significantly, there was also an increase in the percentage who said FDA does not go far enough. In 1976, 24 percent said the agency does not go far enough, and in the 1980 survey this percentage rose to 29 percent."

Analysis of this survey could logically and correctly lead one to conclude that the public does not view social regulation by FDA in the same way it views economic regulation by agencies with jurisdiction over the trucking, communications or airline industries. In short, there is a point beyond which the public will not willingly tolerate lessened regulation affecting the safety and wholesomeness of the foods it eats.

The results of this survey also indicate to me that private industry would be well-served by voluntary action to fill any void created by deregulation. The private sector should and must prove to the American public that it can and will continue to act responsibly without being required to do so by the federal, or for that matter, state and local governments.

Conclusion

In conclusion, it is my view that in the short term, we will see fewer and more cost-effective regulations, and less enforcement. However, I am convinced that the pendulum can, and

SMALL BUSINESS PLEASSED WITH PROGRESS ON LEGISLATIVE GOALS

From U.S. Chamber of Commerce Washington Report

White House Conference Delegates 15 Priority Recommendations With Action Taken as of August 1981

1 Recommendation: Replace the corporate and individual income-tax rates with more graduated rate schedules and increase the corporate sur-tax threshold to \$500,000 from \$150,000.

Action: The Reagan administration's tax bill, passed by a bipartisan majority of both houses of Congress and signed into law, includes across-the-board marginal tax-rate reductions of 5 percent on Oct. 1, with additional reductions of 10 percent July 1, 1982, and 10 percent July 1, 1983.

Corporate rates will be reduced to 16 percent on the first \$25,000 of income and to 19 percent on the next \$25,000 in 1982. They will be reduced to 15 percent and 18 percent, respectively, in 1983.

2 Recommendation: Adopt a simplified accelerated capital-cost recovery system to replace the highly complex Asset Depreciation Range rules, including immediate expensing of capital costs under a certain amount and creation of a maximum annual benefit that may be derived from the system.

Action: Under the new tax law, the Asset Depreciation Range system is replaced with simplified rules for writing off business assets. Real estate will be written off in a 15-year period, while buildings, equipment and light vehicles will be depreciated over 10, five and three years, respectively.

Small-business owners can write off \$5,000 in direct expenses in one year starting in 1982. This provision increases in stages to \$10,000 by 1986.

will, continue to swing. Its arch will depend, in large measure, on the willingness of our industry to not only enjoy the benefits of regulatory reform but also, and most importantly, to voluntarily assume the myriad responsibilities which a decrease in government intervention inevitably brings to the marketplace.

3 Recommendation: Revise estate-tax laws to ease tax burdens on family-owned businesses so as to encourage the continuity of family ownership.

Action: An increase in the credit against estate taxes from \$175,000 to \$192,500 will be phased in over six years under the new tax law, which will exempt 99.7 percent of all estates from the tax. This change corresponds to an exclusion of \$600,000 in 1987. In addition, the maximum estate-tax rate will be reduced from 70 percent to 50 percent over four years, beginning in 1982.

4 Recommendation: Provide a tax credit for initial investments in small firms and allow a deferral of taxes for funds from the sale of a company that are "rolled over" into another small-business investment.

Action: Capital-gains rollover had been considered in the last Congress but died in committee. Some interest in such legislation has been noted in this Congress, but no legislation has been proposed.

5 Recommendation: Create new tax incentives through a new security called a Small Business Participating Debenture, which would provide a source of capital for small businesses.

Action: Legislation was proposed in the 96th Congress but met with opposition. No legislation has been introduced in the 97th Congress.

6 Recommendation: Set mandatory procurement goals for federal contracts in the following percentage: small businesses, 35 percent; minority-owned businesses, 15 percent; and women-owned businesses, 10 percent.

Action: The last Congress asked agencies to increase the volume of contracts to small businesses, but no legislation was passed. The issue has been the subject of hearings this year in both the Senate and House Small Business committees.

7 Recommendation: Balance the 1981 federal budget and limit federal spending to a percentage of the gross national product.

(Continued on page 36)

THE MACARONI JOURNAL

Skip Peterson, durum sales manager, knows that quality is the number one priority at North Dakota Mill. And when the world's finest durum wheat is milled with the nation's most modern milling equipment, and then shipped by North Dakota's own airslide railroad cars, you

can be assured of top quality durum products.

Skip wants you to deliver the finest macaroni products. To do that, you begin with the finest quality Durakota No. 1 Semolina, Perfecto Durum Granular, and Excello Fancy Durum Patent Flour from North Dakota Mill

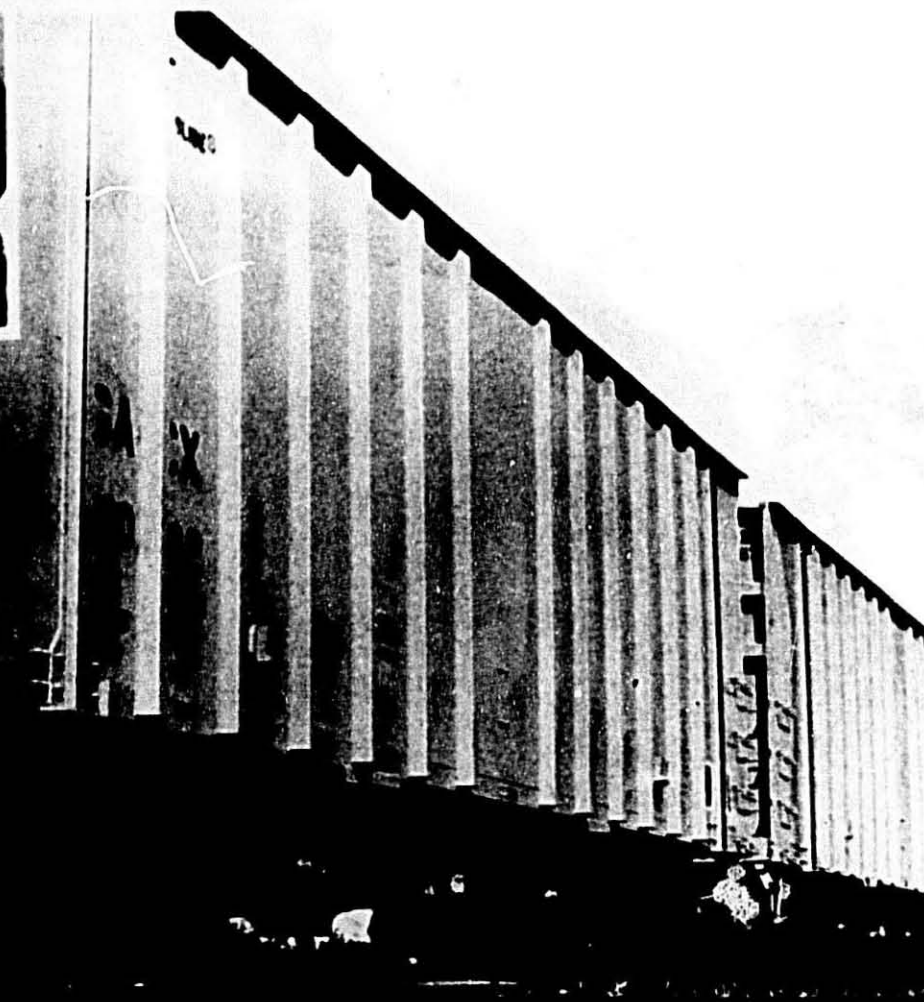
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A BETTER PRODUCT

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

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

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- Makes a product with richer color



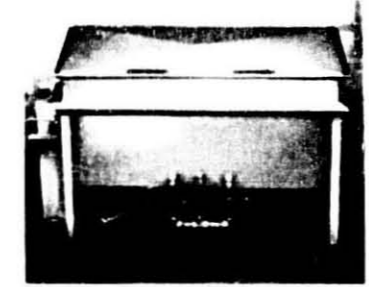
Pasta drying operation from production line comparisons by two processor units. Shows total energy required.

WHAT USERS SAY:

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Technical director of a large pasta plant
- I guess the greatest compliment I can pay to Microdry is that if we were going to install another Short Cut line in our Operation, it would definitely be a Microdry Microwave Dryer.
Executive Vice President, pasta manufacturer

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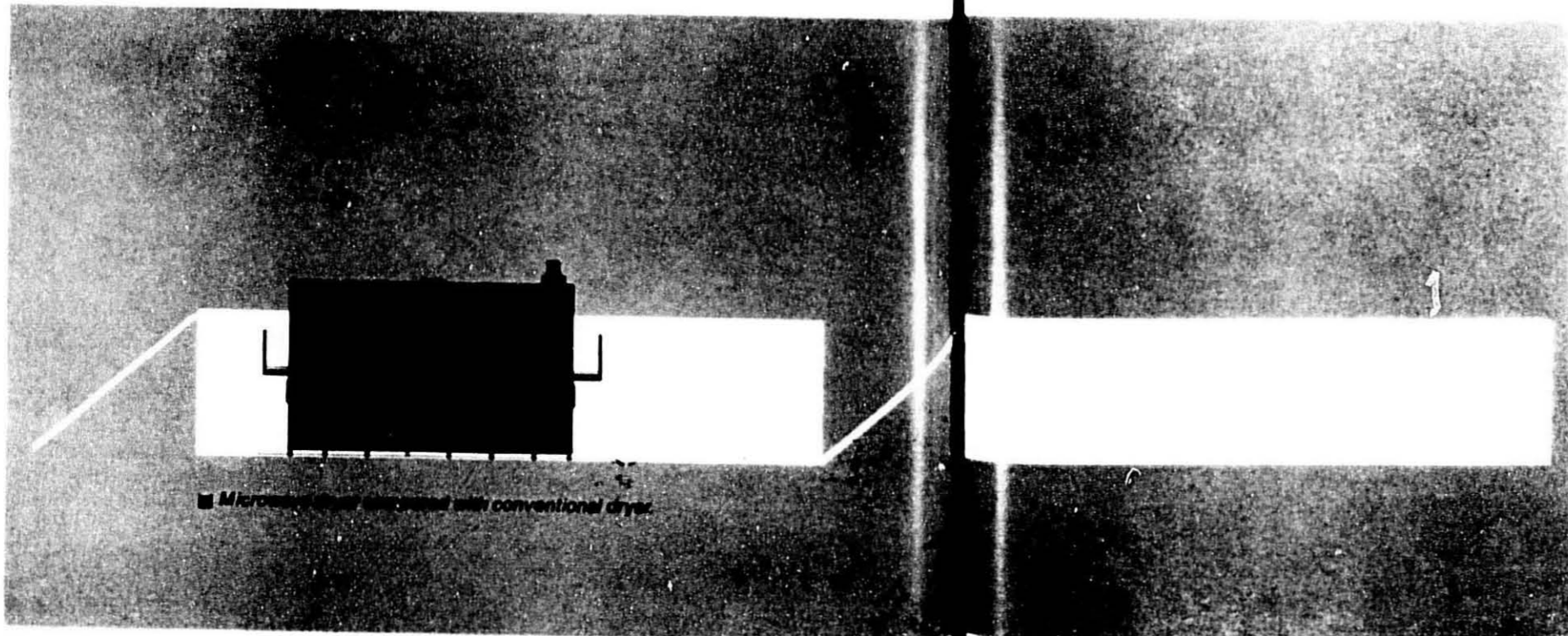


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■ Microdry dryer compared with conventional dryer.

Legislative Goals

(Continued from page 32)

Action: The Reagan administration is committed to balancing the federal budget in 1984 through its combined budget reductions and tax incentives to spur the economy. In June 1980, Congress agreed to balance the budget but was unable to come up with a working plan. The Senate, in 1980, defeated a resolution to limit federal spending to 21 percent of the gross national product.

8. Recommendation: Institute "sunset review" of all laws, regulations and agencies; establish a regulatory review board; and exercise a legislative-veto authority over new regulations.

Action: President Jimmy Carter established a regulatory review board through executive order, and "sunset" legislation was considered but not passed by Congress in 1980. President Reagan's Regulatory Relief Task Force, headed by Vice President George Bush, has been studying targeted groups of rules to determine their feasibility and burden on business.

Legislative veto, an issue that received much attention in the last Congress, is again being considered by both houses. Two proposals are under study.

9. Recommendation: Approve the Small Business Innovation Act, which includes patent reform, tax incentives and changes in the methods by which regulations are applied and federal contracts are awarded.

Action: A patent reform measure passed last year permits small firms to keep patents developed under federal contracts. Two measures pending in the House and Senate this year would target more federal research and development contracts to small businesses; passage of the bills looks likely this session.

Under the new tax law, a tax credit is created that is equal to 25 percent of incremental research and development expenses, effective July 1, 1981, to encourage more U.S.-based technological developments.

10. Recommendation: Shore up the Social Security system by requiring public employees' participation, limiting benefits, freezing the tax rate at

previous levels and eliminating double-dipping."

Action: Many hearings have been held, and several senators, representatives and the White House have drafted plans to save the ailing Social Security system. Congressional action looks promising for this legislative session, as at least one part of the pension system is scheduled to run out of money by as early as mid-1982.

11. Recommendation: Strengthen the role and authority of the Small Business Administration's Office of Advocacy.

Action: Last year's Omnibus Small Business Act contained such a proposal, but much depends on the Reagan administration's plans for this SBA office. SBA Administrator Michael Cardenas recently reaffirmed his support for the independent role of the agency's No. 2 official.

12. Recommendation: Require private lending institutions to provide equal access to credit for women in business.

Action: Hearings were held in the last Congress, but no legislation has been proposed.

13. Recommendation: Provide magistrate review of civil penalties imposed on small firms by federal agencies and reimburse entrepreneurs for court costs and attorneys' fees in agency disputes when the small company prevails in a hearing.

Action: Congress passed the Equal Access to Justice Act last October, which provides for reimbursement of costs to small firms "prevailing" in a dispute with a federal agency. This law becomes effective Oct. 1.

14. Recommendation: Freeze minimum-wage levels at the January 1980 rate and establish a two-tier system by exempting teenage, seasonal and part-time workers.

Action: Hearings on this issue have been held in the Senate this year, but organized labor opposes a two-tier minimum wage. More action could develop during this legislative session.

15. Recommendation: Add economic-impact analyses to all new regulations affecting small firms, with all regulatory policies subject to review every five years.

Action: The Regulatory Flexibility Act, passed in September 1980, ad-

resses much of this recommendation by establishing new economic-impact steps in the rule-making process that take into account small business needs. This law became effective in January.

Marketing Agency Promotes Broader Cooperation

A program to increase participation in and understanding of agricultural marketing programs is being given added emphasis by the U. S. Department of Agriculture's Agricultural Marketing Service.

Mildred Thymian, AMS administrator, said she expected the new thrust to create a better environment for discussion, understanding and cooperation to the mutual benefit of both agriculture and the public.

To coordinate the agency program, Thymian has named Georgia Stevens Nerud, a consumer economics specialist, as her industry and consumer affairs advisor, and Edith Howard Hogan, a nutritionist, as her special assistant. They will advise Thymian and her staff on methods for working more effectively with industry and the public.

"They will share responsibility for arranging seminars, forming consulting groups and opening additional channels of communication between AMS programs and professional, industry and consumer groups," Thymian said.

Nerud, a native of Lexington, Neb has B.S. and M.S. degrees in home economics and family resource management from the University of Nebraska, and a Ph.D. in home economic education from the University of Maryland. She has taught classes in family economics and consumer problems at the University of Nebraska and has served as state extension specialist in those subjects at the Universities of Nebraska and Maryland.

Hogan earned a B.S. degree from Hood College, Frederick, Md., where she currently serves on the board of trustees. She completed her dietetic internship at Massachusetts General Hospital, Boston, Mass., where she did graduate work in nutrition. Hogan has also done graduate work at the University of Iowa and worked in research at George Washington University in Washington, D.C.

Money to Grow with

It's Available, But Tread Warily

These troubled times spell opportunity for any business owner who wants to grow. When the economy is tight, many customers will shop for better prices and service. Customer-supplier loyalties are weakened and marketing efforts which stress price, service, quality, customized services, better ideas, or greater reliability are more effective than in good times when customers are too complacent to be jarred out of their routine. A resourceful business owner who carefully analyzes his competitive strengths and weaknesses, creates a real marketing plan, and then mounts an aggressive get-new-customers campaign, can use this year to grow — faster than in "good" years.

Expansion

But part of growth is expansion — more employees, remodeling, new equipment, more room, perhaps even new housing. And now is the time to do it, when many contractors are hurting, suppliers are standing in line, and good employees are available. All it takes is money — money to spend/invest to make more money. Unfortunately, too few business owners are proficient as money managers; they do not even think of themselves that way. And nothing is as disaster prone as the inept money manager who manages to get a loan; in his hands it becomes like a loaded gun, pointed at himself! Despite all you have heard about how tough it is to raise money, it is easier to raise than it is to manage profitably and then to pay it back.

You Rent It

The wise way to think of other people's money is that you do not "borrow" it — you rent it! You get it from them, paying for using it, and then return it to them. This puts the focus where it belongs: Can you make more money using the money than it costs to rent it — and can you make enough to be able to give it back when the time comes? If borrowed money cost 20%, you have to make 30% — 40% by renting it, and it must go into a self-funding investment, or repayment time will be a disaster.

For instance, a one-year note for \$50,000 for new equipment, with an

interest cost of \$10,000. One year later the bank will demand its \$60,000, so that machine has to put at least \$50,000 after taxes in your hands, plus \$15,000 to \$20,000 more so that you can comfortably pay the interest and have something left for your own efforts. Forget the future benefits, in years two, three, and afterward. It may make the future rosy, but if you cannot repay the loan when it is due, you could lose everything.

So do not get carried away; do not risk what you have merely to get more. And do not forget that growth and expansion greatly increase costs in other directions than the obvious. A new machine costs far, far more than its obvious cost plus the wiring and a work bench. It means more advertising to bring in more business, wages and payroll taxes for the operator, purchasing supplies in larger quantities, and a higher breakeven. All of it can add up to put a severe strain on cash flow. It is very easy to grow too fast; for most businesses, any growth rate beyond 10% in real numbers (above inflation) is dangerous; it might be safe in a purely cash business, but if you carry A/R, you could easily outpace your capital, growing faster than it does. There are businesses in your city, right now, which are going broke because of unrestrained growth. Do not fall into the same trap.

Long-Term Counts

First cost means nothing; it is the long-term which counts, and a very conservative projection of all costs, worst-case income, resultant cash flow, and after-tax profits is vital. You need these numbers to assure yourself that your plan makes dollars sense. Remember that as owner, you are two people: An employee who works for wages, bonus, and fringes; and an investor who should make money from his investment. Many business owners would be far better off if they cashed in their investment, put the money in mutual funds, and went fishing.

Once you have done all your homework — developed a prospectus — you are ready to go looking for money. There are three kinds available — equity, debt, and combinations.

Sources of Equity Funds

For a proprietorship: Take on a partner — employee, friend, relative;

merge with another business to share overhead expenses.

For a corporation: Sell some of your stock or float a new stock issue. Best prospects are successful professional people (doctors, dentists, sales agents, realtors, lawyers, insurance people, accountants, big-money executives, and politicians) and owners of businesses which are not capital intensive.

Sources of Debt Financing

Low-Interest Loans: Employees (most of them have savings), friends, relatives, landlord, suppliers, potential suppliers, customers.

Moderate-Interest Loans: Same as above, just sweeten your offer.

Current-Interest Loans: Bank unsecured note (but watch your cash flow; if you cannot pay it off on time, your credit becomes zilch); secured loans against buildings, equipment, other fixed assets — slow, expensive, and hard to get (the bankers are worried about how to sell that stuff if it becomes necessary — which is understandable) — A/R loans are better; factoring (selling) A/R; a second mortgage on your personal home (easy to get if you could still sleep nights); local finance company (good for personal loan of about \$3000 — if that is any help — or a second mortgage on your home); seller financing — especially good with equipment, but of little value for a new building, though common with used property; sale and leaseback of equipment and/or real estate.

Combination Debt/Equity: A lender who wants "a piece of the action"; avoid if at all possible.

The money is out there, if you know how to put it to work safely and profitably, and then get out and sell yourself. For more information, send a stamped, self-addressed No. 10 envelope to the Independent Business Institute, P.O. Box 159, Akron, Ohio 44309, and ask for their complete Report "Money Sources". It is free, without obligation, to business owners and their key executives.

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Food Industry One of the Nation's Worst "Energy Waster"

The Food & Kindred Products Industry is one of the least energy conscious industries in the nation. Only 76 percent of its steam piping is insulated. By properly insulating the remaining 24 percent, or 2386 miles of piping, the industry could have the equivalent of 18 million barrels of oil annually.

Intensive Research

These are some highlights of a study of industrial energy efficiency revealed by CertainTeed Corporation, Valley Forge, PA, a manufacturer of fiber glass thermal insulations. The study assessed the adequacy of process steam pipe insulation for 15 SIC industrial categories. This was based on data collected by the Thermal Insulation Manufacturers Association (TIMA). These industries are among the largest energy users in the nation, representing 85 percent of the total energy consumed by industry annually.

The study looks only at process steam piping. It does not include energy wasted on poorly insulated ves-

sels, tanks, hot and cold process lines or mechanical equipment.

"Steam piping is a vital energy artery in almost every industry," says Win Irwin, manager of technical services for CertainFeed. "By studying it alone, we can get a pretty good idea as to how well a facility is insulated. We can also judge how much energy is being wasted."

Bleak Past

The SIC category, Food Products, had the second lowest percentage of insulated steam piping of the industries studied nationally with the exception of the Lumber & Wood Industry. The Food Industry had the second highest percentage of uninsulated pipe with 24 percent. Lumber & Wood had 28 percent. No other industrial category comes close. By comparison, the Electrical Industry was the best "energy saver" with 95 percent of its steam piping insulated.

Nationally, the Food Industry has 52.5 million linear feet or approximately 9943 miles of steam piping. That represents about 16 percent of all the industrial steam lines of operation.

About 2386 miles of its steam lines are completely uninsulated. And the piping that is insulated averages only 1.3 inches of insulation. That's about half the recommended economic thickness for those service conditions.

The estimated cost of properly insulating all 9943 miles of steam piping in the Food Industry would be approximately \$992 million.

Room For Improvement

The Food Industry has much to do in getting its conservation program up to par, according to the report. By simply covering the uninsulated piping the upgrading existing insulated lines, the industry could save the equivalent of 18 million barrels of oil annually.

"The Economic Thickness Of Insulation (ETI) computer analysis is available to all industries through any TIMA member," says Mr. Irwin. "It tells the most cost effective insulation thickness for specific applications. Combined, all the industries in the study could save the equivalent of 111 million barrels of oil annually. They would simply have to insulate all their steam lines to ETI recommendations. That would cost \$6.2 billion but could be recaptured in about 30 months from

energy savings alone. Properly insulating process steam lines is a one-time cost — but the savings in energy goes on year after year.

NPA Plant Operations Seminar, Chicago, Apr. 27-28

President's Favorite

Scripps-Howard Newservice reported that until recently, if you wrote the White House asking about the first family's favorite food, you received a form letter and the recipe for crabmeat and artichoke casserole. This has been changed, and the recipe now going out is for macaroni and cheese — the President's favorite.

Baked Macaroni and Cheese (makes 4 servings)

- 2 cups elbow macaroni (8 ounces)
- Salt
- 3 quarts boiling water
- 1/4 cup butter or margarine
- 1/4 cup all-purpose flour
- Dash cayenne pepper
- 2 cups milk
- 2 cus shredded or grated Cheddar cheese (8 ounces)
- 2 tablespoons chopped parsley

Gradually add macaroni and 1 tablespoon salt to rapidly boiling water so that water continues to boil. Cook uncovered, stirring occasionally, until tender. Drain in colander.

Meanwhile, in saucepan melt butter. Add flour, 1/4 teaspoon salt and cayenne pepper until smooth. Cook over medium heat, stirring constantly until mixture is thick and bubbly. Reduce heat to low; gradually stir in milk and continue stirring constantly until mixture thickens and begins to boil. Remove from heat. Stir in 1 1/4 cups cheese until cheese melts. Stir in macaroni and pour into ungreased 2-quart casserole. Sprinkle top with remaining cheese and parsley. Bake in 350° oven for 30 minutes or until bubbly.

Industrial Replacement

(Continued from page 3)

lower in Belgium, Federal Republic of Germany and Japan; and about the same in the United Kingdom.

Single copies of the survey are available by writing: Carl Chrappa, HPR, B-7, Kemper Group, Long Grove, IL 60049.

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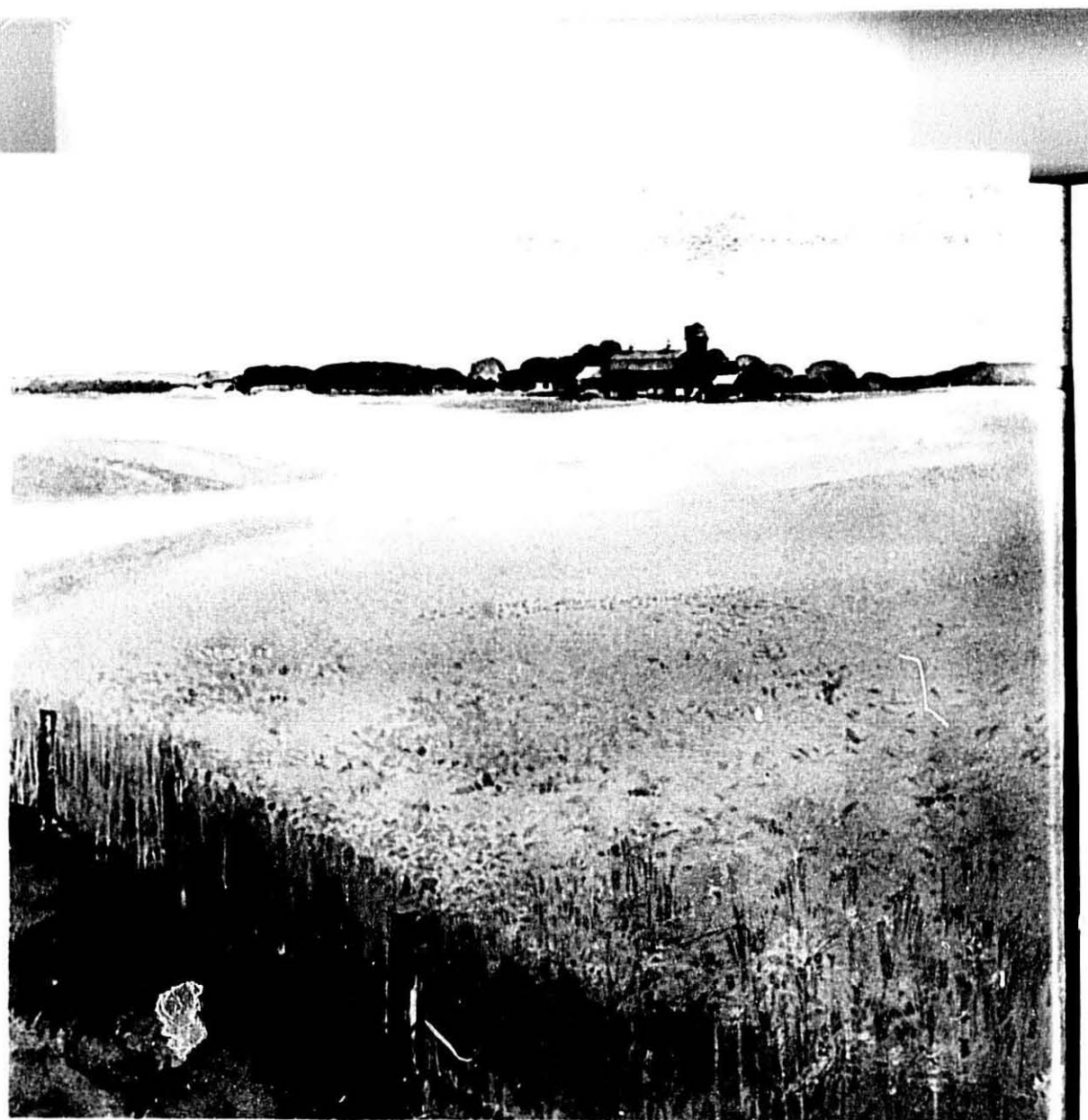
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