

**THE
MACARONI
JOURNAL**

**Volume 66
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September, 1984

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SEPTEMBER, 1984

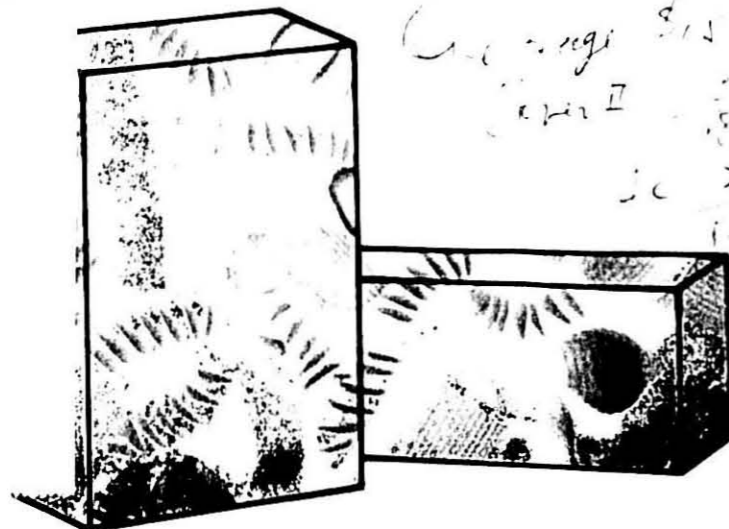
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Anthony H. Gioia Elected NPA Chairman

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80th Anniversary Convention Is History

The turn-of-the-century Hotel Del Coronado on Coronado Island near San Diego was the site of the 80th annual meeting of the National Pasta Association. It ended Wednesday, July 12, with the passing of the gavel from Joseph P. Viviano, Senior Vice President, Hershey Foods, to Anthony H. Gnola, President, RHM Macaroni, Buffalo, New York. Vincent DeDomenico, President, Golden Grain Macaroni, and Chairman of the NPA nominating committee, made the announcement.

Following the presentation of gifts to Joe Viviano for his many contributions as Chairman of the board over the past two years and his invaluable service during the strategic planning and transition process, Tony Gnola said the following:

"I believe, at our 80th Anniversary, that while we are proud of our ability

to change with the times, we should also spend a few moments reflecting on the past, particularly since we have proven we are not prisoners of it.

It is only right that at this time, we stop to think of the early leaders of our industry, many of them poor, uneducated Italian immigrants. Some of their descendants are here tonight. Many of these early pasta pioneers probably came to the United States through Ellis Island, with little else but the clothing on their backs and the knowledge that in this land of opportunity, with a dream and hard work, almost anything was possible. Who were these men? They were none other than the people that made the American dream a living reality. I am proud to be one of their descendants and hope that they can be equally proud of us in the next 80 years."

Continued on page 4



80th Anniversary Convention

(Continued from page 3)

Pasta Examined from All Angles In Business Sessions

The business portion of the meeting contained some of the best business information ever presented at a convention, commented one member. All of the formal presentations at the convention will be reproduced later this year in the *Journal*.

From the "State of the Industry" remarks by Joe Viviano, outgoing Chairman of the Board, through the final team-building seminar, pasta was the hot topic. Dean H. Roald Lund made an excellent presentation on durum wheat and the research that is going on at North Dakota State University. The pasta promotion program, including the very successful media tour of cookbook author June Roth, was reviewed by Elinor Ehrman and David Canty, of Burson-Marsteller. David Tintle reviewed the free pasta promotion that was so successful in the marketplace last fall and planned again this September. Dr. Christine Aguiar had all the pasta makers practicing relaxation exercises to reduce tension during one of the coffee breaks. She is the wife of Dennis Aguiar with ADM Milling Company.

One of the highlights of the business session was the address and presentation by the Wheat Industry Council and its Chairman of the Board, Larry Batty, who is Chairman of the Board of ITT Continental Baking. He was followed by Chicago *Tribune* columnist, George Lazarus, who has recently been reporting about the pasta industry in his weekly *Adweek* column. Steven Koff, President of the Southern Gro-

cers Association, presented the retail view and Janet Johansen, manager of the Consumer Panel for *Better Homes and Garden Magazine* gave an outstanding perspective on consumer attitudes on pasta found in the most recent poll. Roger Johnson, Associate Editor, *Milling and Baking News* wrapped up the business sessions with an outstanding view of the pasta industry in the last 80 years.

National Pasta Association's New Chairman of the Board

Anthony H. Gioia, the new Chairman of the Board is a third generation pasta maker and the third in his family to head the family business as well as head the national trade association for pasta manufacturers. Since its founding, two other members of the Gioia family have served as the chief executive of the Association, the current chairman's uncle and cousin. Alfonso Gioia served 1932 to 1933. He was then President of A. Gioia & Brother, Rochester, New York. And from 1958 to 1960, Horace P. Gioia, President of Alfonso Gioia & Sons, Inc., Rochester, served at the chief executive of the Association known then as the National Macaroni Manufacturers Association.

Gioia joined the family business in Buffalo, New York and was elected to Vice President in 1969, President in 1970, and President and Chief Executive Officer in 1972. He was graduated from the University of Southern California with a M.B.A.

In 1976, his company was sold to a British-based firm, Ranks Hovis McDougall Ltd. London, England. In August, 1981, Gioia relinquished his title as President of Gioia Macaroni Company, to become President of the newly formed RHM Macaroni, Inc., where he now oversees all of the parent company's pasta operations in the United States. They include Gioia, Inc. in Buffalo; Ravarino & Freschi, Inc., St. Louis, Missouri; and Merlino's Macaroni, Inc., Kent, Washington.

In addition to his duties at RHM Macaroni, Gioia is active in a number of Buffalo community organizations. He is a member of the Board of Trustees of the Gold Dome Bank, Children's Hospital, of which he is also Treasurer and the Allbright-Knox Art Gallery.

New Officers Elected

Other officers elected were: First Vice-Chairman, John Herring, Chairman of the Board, General Mills of Canada; Second Vice-President, Robert Ronzoni, President, Ronzoni Macaroni Company, Long Island City, New York, and Third Vice-Chairman, Harold Wendt, President, Gooch Foods-ADM, Lincoln, Nebraska.

New Board Members Elected

The Board also elected C. Mickey Skinner, President and Chief Executive Officer of San Giorgio-Skinner, Inc., Hershey, Pennsylvania and Arzando Giarrusso, Vice President of Prince Co., Lowell, Massachusetts to the Board.

Skinner replaces Joseph P. Viviano on the Board following his term as Chairman of the Board and his recent promotion to Senior Vice President of Hershey Foods.

Giarrusso replaces Ted J. Settanny, who recently announced his retirement as of September 1, as President of Prince Foods. Settanny previously served as a Vice-Chairman and Chairman of the Government Affairs Council for the National Pasta Association. He has served on the Board of Directors for eight years.

Members of the National Pasta Association's Board of Directors who were re-elected are: Steven Brody, President, Ronco Foods, Memphis, Tennessee, and Vice-President, New Business Development, Coca-Cola Foods Division, Houston, Texas; Vincent DeDomenico, President, Golden Grain Macaroni Company, San Leandro, California; Joseph R. Criss, Vice President, Marketing Services, C. F. Mueller Company, Best Foods, U.S., a unit of CPC International, Englewood Cliffs, New Jersey; Janice Pater, Vice President, Unit Manager, American Beauty Macaroni Company, Pillsbury Co., Minneapolis, Minnesota; Paul A. Vermeylen, President, A. Zerega's Sons, Inc., Fair Lawn, New Jersey; L. John Westerberg, President, The Creamette Company, Minneapolis, Minnesota; Norman D. Weckerly, U.S. Durum Growers Association, Hurdsfield, North Dakota; John R. Williams, President, Western Globe Products, Los Angeles, California; and Joseph M. Lichtenberg, President, National Pasta Association, Washington, D.C.

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CHAIRMAN'S ACCEPTANCE SPEECH

by Anthony H. Gioia

at the National Pasta Association Convention

I am delighted to be addressing you tonight as your new N.P.A. Chairman. After spending six years moving through the chairs, it seemed like a long enough time in purgatory. Being a member of the third generation in the pasta business, and I believe the first person to follow two relatives, makes the honor even more significant. Of equal importance is to follow Joe Viviano, who has done an outstanding job in helping us move through the transition from an association primarily serving family owned companies, to one now dominated by the giants in the food business. An important side benefit is that while a few of the most recent past presidents have not fared terribly well, Joe actually was promoted. I personally hope that this is a new trend. So much for the Peter Principle.

Basic Purpose

As you know, the N.P.A. has one basic purpose, which is listed in its mission statement; "to serve all phases of the industry by promoting the development and use of pasta and related products for the benefit of consumers and to serve pasta manufacturers and related industries by providing programs and services that will enhance their efficiency and effectiveness."

As your new chairman, I am pledged to this end and will devote the time required. As pasta association members, you will benefit from our successes. It is, therefore, understandable that I, like my predecessor, call on each and every one of you to give the association your full support and commitment, because you will benefit directly from what is accomplished.

It is appropriate, I believe, at this time—our 80th anniversary, to remember that our industry has had many changes over the past eight decades. In terms of membership alone, the figures are startling. In the 1920's, there were 580 members. In 1948, when Bob Green took over as our executive secretary, we had over 250 members. Now, in 1984, there are only approximately 50 of us.

Yet the number of members does not really tell the entire story—we

have grown from those early days to become a 1.5 billion dollar industry, with a retail growth rate that is the envy of many food categories, and with further growth predicted. It is difficult to pick up a women's magazine or food section or a newspaper and not read at least one article extolling the virtues of our product. We have come a long way in the last 80 years, from a food that was once primarily consumed by Italian immigrants to one that is now one of the mainstays of the American diet. Its virtues are being heralded by a broad range of experts, including internationally recognized gourmets like James Beard, dieticians, and even athletic trainers. Our product has been referred to as the perfect food.

With respect to our association, we should all be well aware that no organization could survive for 80 years in this rapidly changing environment if it did not serve a purpose, and one of the things we should all be most proud of is that the past leadership saw our industry change and the N.P.A. has also changed to serve our evolving needs.

In the last 8-10 years alone, as large corporations became involved in the pasta industry, our association was farsighted enough to adapt to the changing needs of our members. We have become more professional to serve our professional members. Listing just a few examples of what we have accomplished, we have reorganized the association into councils to serve the specific needs of our members. We have undertaken an expanded product promotion campaign to help increase consumption. Hired highly competent legal counsel. Recruited a dynamic and professional young president in Joe Lichtenberg to handle the day to day affairs of our association. Moved our offices to Washington, D.C. to be more at the heart of the decision making process. And just recently reviewed our 1980 strategic plan and refined it slightly to even better serve our 1984 requirements.

An Exciting Time

This should be an exciting time for our association and its members, be-

cause as can be expected, more changes will certainly take place over the next few years.

Large consumer packaged goods companies now dominate our industry. Will one or more of them be able to use their marketing expertise to differentiate their product through product innovation or unique creative strategy and change the industry from one that has been sales driven to one that is marketing driven? Our cousins in the spaghetti sauce industry have been able to differentiate their products by using U.S.P.'s and market segmentation. Will this happen in pasta?

Our allies in the flour milling business are also facing changes as several companies are vertically integrating into flour milling with their own mills, joint ventures or tolling—will this be a trend toward the future?

Will we, as pasta manufacturers, still face the threat of illegally subsidized Italian imports that are, particularly in the East, taking away our growth? It is important to remember, however, that with so much talk today about many industries being hurt by imports, that our situation is much different than others like steel and autos. We are not being hurt because of inefficiency due to failure to invest in modern technology, our labor rates do not make us uncompetitive and our products do not suffer from poor workmanship. The U.S. pasta industry is as efficient as any in the world and our product, made primarily from U.S. grown durum wheat, is second to none. If I am allowed to make a prediction, the sheer economic illogic and tenacity will, in the end, prevail.

Ability to Change

In closing, I believe, at our 80th Anniversary, that while we are proud of our ability to change with the times, we should also spend a few moments reflecting on the past, particularly since we have proven we are not prisoners of it.

It is only right that at this time, we stop to think of the early leaders of our industry, many of them poor, uneducated Italian immigrants. Some of their descendants are here tonight.

(Continued on page 8)

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SEPTEMBER, 1984

Acceptance Speech

(Continued from page 6)

Many of these early pasta pioneers probably came to the United States through Ellis Island, with little else but the clothing on their backs and the knowledge that in this land of opportunity, with a dream and hard work, almost anything was possible. Who were these men—they were none other than the people that made the American dream a living reality. I am proud to be one of their descendants and hope that they can be equally proud of us in the next 80 years.

The Marketing Future of Pasta

by George Lazarus, columnist for the Chicago Tribune and Adweek,

Column of July 16, 1984.

Up until the last decade, if you attended a National Pasta Association (NNPA) convention, you would find almost as many children as adults. Pasta making (and what there was in marketing) was strictly a family affair, and national gatherings reflected it. Today, the children are still around but in smaller numbers, and the Big Boys have moved in with marketing data and studies, promotional weapons and other trappings of a growth industry. The Big Boys? Well, the gang includes outfits like General Foods, Borden, Pillsbury, Coca-Cola Foods, Hershey Foods and CPC International, which have all gained entry into the pasta business via the acquisition route in the last few years.

Indeed, the pasta business has been a growth business, tonnage showing annual gains up to 5 percent in recent years. It became more fashionable to eat pasta. Consumers rediscovered pasta as a pocketbook stretcher during the recent economic downturn. And the NPA and Burson-Marsteller, its public relations firm, have waged with some success an ongoing campaign to convince consumers that pasta itself is not fattening (but the calories add up with the sauces piled on). There's even a *Pasta Lover's Diet Book*, a publication that's in its fourth printing. Sales have already passed the 15,000 mark.

General Foods and CPC International, whose Best Foods operation markets Hellmann's Mayonnaise and Skippy Peanut Butter, paid premium prices to acquire Ronzoni and C. F.

Mueller, respectively, within the last nine months. CPC outbid GF for Mueller, the No. 1 brand in terms of market share. It has an estimated 12 percent of the total pasta business, which is worth about \$1.2 billion at retail.

The pasta business is still dominated by regional brands; there is no national marketer. Mueller has been mainly sold in the Eastern part of the country. When that brand, under its former owner McKesson Corp., sought to invade the Chicago market a few years ago, it didn't fare well at all. Ronzoni is sold in the Northeast and in parts of the South and West. Hershey, with its collection of regional brands like San Giorgio in the Philadelphia area, may have 10 percent of the total national pasta market.

The problem with pasta is that there has been little if any product differentiation. After all, pasta is pasta. If CPC and/or General Foods intends to take their new properties into other parts of the country or take them national, such efforts will command mucho dinero and company resources. The payouts on such expansion moves will take a considerable amount of time—and considerable investment, of course.

Imports

Building a brand identity won't be easy because of at least one other development: the emergence of cut-rate pasta imports from Italy. Many of the imports are selling at prices substantially lower (up to 15 cents for a comparable package) than for domestic pastas. The Italian imports (helped by European subsidies) have grabbed a 15-percent share of the total pasta business in New York, which is a \$100-million market by itself.

Nationally, the imports now have 6 percent of the pasta market. It was disclosed at the NPA meeting at Hotel Del Coronado that imports rose 54 percent in sales in the first quarter from the same 1983 period. The association and its members presently have pressed Uncle Sam about the import issue, saying that the size of the subsidies of the Italian pastas are in violation of international trade agreements between the U.S. and the European Economic Community. The imports have made the pasta business a lot more competitive in pricing. And unless the issue of that subsidy is resolved, some of the domestic pasta makers are going to have problems.

There also is concern about the overall growth of the pasta business. Tonnage sales of all pastas slipped a bit—1 percent—through the first five months of 1984. A few of the Big Boys are reevaluating whether they belong in the market, having to face up to the cut-rate imports as well as the marketing resources of some of the top firms. GF recently signed on Young & Rubicam/New York as agency for Ronzoni—clearly an indication that it means business and will put increased advertising behind its new property.

Corridor talk at the NPA meeting indicated that Pillsbury Co. might be interested in unloading American Beauty Macaroni Co., a Kansas City firm it acquired in 1978. American Beauty's line is sold primarily in the Western part of the country. There also was some talk that at least another firm will put its recently acquired pasta firm on the block.

Buying and selling is a two-way street. On the surface it would appear that such privately held independents as Prince Foods of Lowell, Miss., and Golden Grain Macaroni Co. of San Leandro, Calif., would be legitimate takeover targets. Prince has been well wooed in the past by prospective buyers but turned them all down. I've been told that Golden Grain, with not much presence in the pasta business (it big winner is Rice-A-Roni) is untouchable. It could be that Golden Grain will be prowling around for acquisitions.

Branded Pasta Sales Grow

Joseph P. Viviano, senior vice president, Hershey Foods Corp., Hershey, Pa., in an address to the summer meeting of the National Pasta Association at the Del Coronado hotel in Coronado, said that grocery sales of dry pasta were strong and that the greatest recent growth has been in branded products.

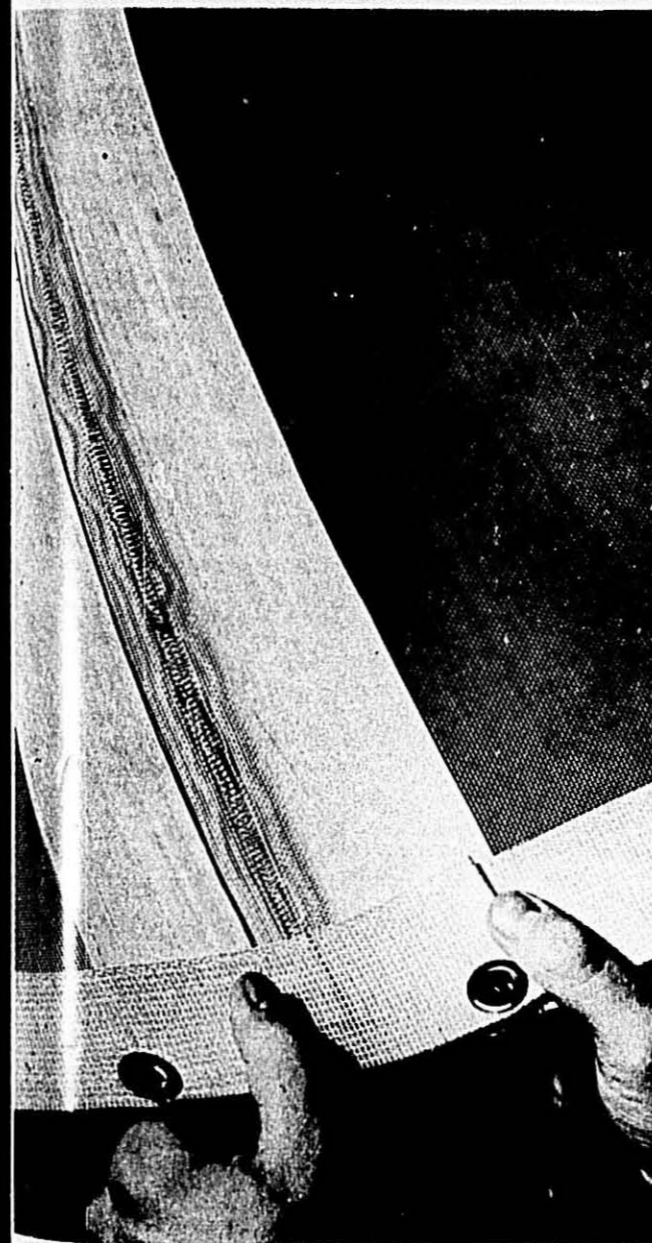
Acknowledging that pasta sales have "started to slip" in 1984, he pointed out that 1983 pasta sales were up 1.8% from the year before and that 1983 sales were up 4.3% from 1981. Mr. Viviano completed his second term as chairman of the association at the July 8-12 meeting.

The growth rate for pasta, Mr. Viviano said, was three times as fast as for all dry grocery products. He said

(Continued on page 10)

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Branded Sales Grow

(Continued from page 8)

private labels and generics have lost ground, falling to 23.7% of all pasta sales in 1983 from 25.7% in 1982. As the economy improved last year, he said, "people started to come back to quality and value offered by branded merchandise." This speaks well for the future, he added, as the economy continues to improve. "The strength of branded products means that we have greater control over our own destiny," Mr. Viviano said. But not all of the news has been good, Mr. Viviano pointed out. "Pasta sales are starting to slip," he said, "falling 1% in the first five months of 1984 from the same five-month period in 1983, with most of the decrease in the Northeast."

Imports Grow

The other dark spot, he said, is the rapid increase in the growth in sales of Italian imports. In 1983, he said, those imports accounted for 73 million lbs., almost triple the level of three years before. For the first quarter of 1984, he stated, sales of imports were up 54% from a year ago. Nationwide, Italian imports represent 6% of the pasta market, he said, and in the New York market the import share is 15%. The National Pasta Association is maintaining its efforts to gain equitable treatment under the various laws and provisions of our trade agreements with the European Community, Mr. Viviano said. "Italian imports represent conceivably the greatest single threat to the pasta industry since World War II," Mr. Viviano said, adding that all the National Pasta Association wants is "a level playing field" so that all sellers could compete on an equal footing.

Despite the slipping sales in 1984 and the problem of Italian imports, Mr. Viviano noted a number of strengths that the industry can build upon. Consumers are taking increasing interest in health, nutrition and fitness, he said, and pasta products fit in extremely well with today's modern trends. Also, the media have helped to carry the message that pasta is a healthy food, he said.

Mr. Viviano told of the recent opening of the association's office in Washington. It was a successful ceremony, he said, and announced that the national pasta industry was officially in Washington and had a formidable association. "I felt pretty good about

it, and I think that the board members who attended had the same good feeling," he said. Mr. Viviano urged the members of the association to work together for the best interests of the industry. "We face a period of dramatic change and dramatic challenge," he said.

Batty Speaks For Wheat Industry Council

Lauren H. Batty, chairman, ITT Continental Baking Co., Rye, N.Y., chairman of the Wheat Industry Council, discussed the Council's efforts to draw together the entire industry to educate the public on the nutritional value of wheat-based foods.

The Wheat Industry Council got off to a shaky start, Mr. Batty acknowledged, but he pointed out that it had made excellent progress in the past year and that its efforts were accelerating. Several examples of various media presentations offered around the country were shown at the meeting.

National Brands Help Sell Private Label

The key to merchandising private-label items is tie-ins with national brands, according to Joe Luff, director of buying for City Markets of Grand Junction Co. He was interviewed by Supermarket News.

The 27-unit operation was a subsidiary of Dillon before the latter was taken over by Kroger last year.

"For instance," Luff said, "if we're featuring American Beauty spaghetti, we try to encourage our stores to display Food Club spaghetti right along with it."

Private label and generics account for about 20% of sales, Luff said. He declined to break the figure down further. The chain carries about 2,000 private-label items and about 450 generic products.

The Food Club controlled label line and City Markets' generic items all are purchased through Topco.

Luff said City Markets' merchandising philosophy is to give customers a choice.

"We never force a product on a customer," he said. "We try to place merchandise so there is a relatively easy comparison between Ragu and our private-label spaghetti sauce. If the private label doesn't earn or deserve the shelf space, we just don't push it.

"For instance, if Miracle Whip sells our salad dressing, we don't promote to the detriment of the national brand. You see, the consumers have told us they prefer the national brand in such a situation."

The chain is considering promoting its private label with coupons. "Our Topco organization is doing some preliminary work for us, and one of the situations that has come up is a flatness of sales. Topco is looking into promoting private label through cents-off coupons."

With the advent of generic labels, City Markets cut out some second-label and third-label items from a number of its stores to give more room to the generics.

In the larger stores (51,000 sq. ft.), one aisle is given to generics. They are merchandised separately, under a canopy of black-and-white streamers, and the area designated a "store within a store," as in all stores operated by King Soopers, which was also a Dillon subsidiary. In some smaller stores, generic HABA items have had to be integrated because of space problems.

Space allotted to private label varies from store to store and from category to category. For instance Food Club tomato sauce and tomato paste often take up as much as 75% of shelf-space within the category, but private-label pasta takes up only 25-35%.

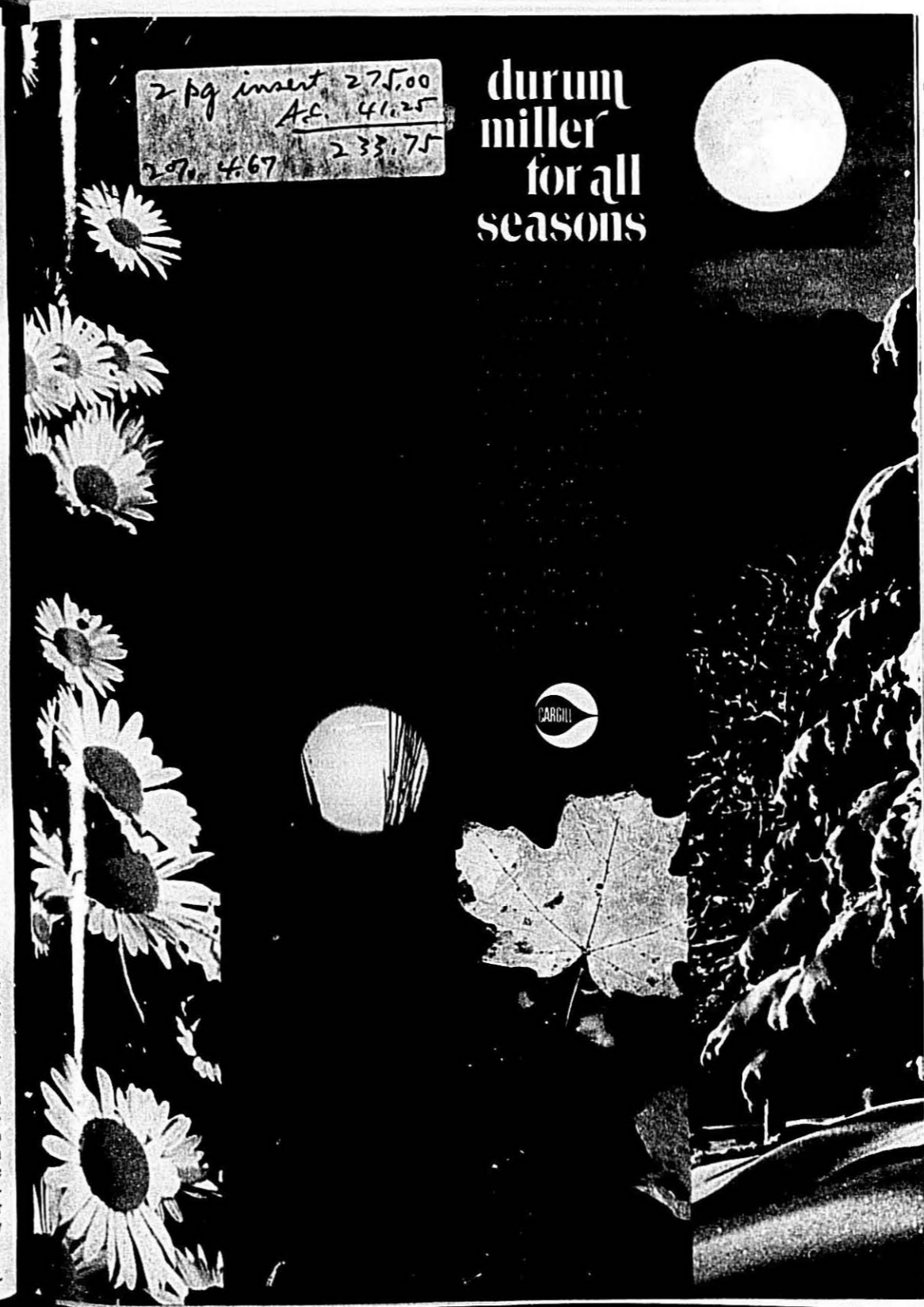
Noodles for Memory

Readers Digest magazine reports Thomas J. Lipton, Inc. is studying ways of incorporating a different kind of nutrient into soup noodles for another purpose: to prevent memory loss. In 1975 Dr. Richard Wurman and a graduate student, Edith Cohen, showed that eating a food substance called choline increased the amount of the neurotransmitter acetylcholine in the brain. Drugs that block acetylcholine seem to impair the memory of normal volunteers, while drugs that mimic the action of acetylcholine apparently restore it.

Shortly afterward, Dr. Wurman and his colleague discovered that lecithin, the natural source of choline in humans and animals, produces even larger increases of acetylcholine in the brain. Would extra lecithin help memory? This is a crucial question for people who suffer from the memory disorders associated with old age.

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THE PASTA INDUSTRY YESTERDAY, TODAY AND TOMORROW

by Roger T. Johnson, Associate Editor, Milling & Baking News

Thank you very much for inviting me here to speak to the summer meeting of the National Pasta Association as it celebrates its 80th anniversary. It is fitting that this meeting is held in a hotel that itself is filled with a storied past. The Del Coronado is especially meaningful to me, because I am an unreconstructed movie buff and this hotel was where many scenes in one of my all-time favorite film were set, and I still regard it — "Some Like It Hot" — as the second funniest movie ever made.

Eighty years is a long time in a nation and a world that has changed so rapidly. Indeed, I am quite safe in saying that in no other 80-year period in human history has there been so much change; in fact no other period even comes close. In 1904, when this association was founded, the horrible wars of the twentieth century lay well in the future, the automobile was in its infancy, only very primitive radio transmissions were made and television was a concept virtually no one could image. Einstein was unheard of, and relativity had something to do with holidays and families. In that year, Theodore Roosevelt was President of the United States, and I'll bet a drink that no one here can tell me the name of the Democratic nominee whom Roosevelt clobbered that year. (One wonders, 80 years from now, whether anyone will be able to recall the name of the Democratic Presidential nominee in 1984.)

That the National Pasta Association is still thriving after 80 years is not at all surprising in view of the plain fact that pasta is a major food and will continue to be so long as civilized society exists. But the industry and the association are tremendously changed in 1984 from what they were in 1904. The future, and here I feel somewhat like a commencement speaker, will be filled with difficulties and with challenges. Those who survive and prosper will be those best able to adapt to rapid and unforeseen changes.



Roger T. Johnson

I represent a much smaller organization, but one that can also claim a rich tradition. *Milling & Baking News* was founded in 1922 by three Sosland brothers. It was originally named *The Southwest Miller*, and it has been in continuous weekly publication for 62 years. That is longer than *Time*, longer than *Newsweek*, and longer than *Business Week*. The three Sosland brothers were the sons of Russian-Jewish immigrants; the oldest of the three, Sam, was born in Russia and died just last fall. The second generation is now at the helm of *Miller & Baking News* and the company's other publications, as it has been for the past 16 years, and two young members of the third generation are now active in the organization. And, in the 62 years of *The Southwestern Miller*, and later, of *Milling & Baking News*, the domestic milling industry and the international grain trade have experienced profound—indeed, even revolutionary—changes.

The Southwestern Miller was created to serve the hard winter wheat mills of the Southwest. As the industry has changed, the magazine's scope has grown to include coverage of all milling operations and all phases of the industry we call breadstuffs. Of all the components of breadstuffs, pasta is certainly one of the most distinctive. And pasta means durum wheat, which stands unique among the five major wheat classes.

Cadillac of Wheats

Because of its distinctive characteristics and milling qualities, durum has been called the Cadillac of wheats. Yet, durum is quite different from other wheat classes in many ways. It is the only wheat class for which no functioning futures market exists or is being actively considered. Price relationships among the various wheat classes can and do vary, sometimes quite spectacularly, but no class is potentially quite so volatile as durum. While durum will derive strength from factors affecting wheat in general, durum can be independently quite strong on its own.

In the past 20 years, exports have come to account for more than domestic usage, just as has become the case for all wheat. But durum exports are more variable from year to year than are exports for wheat as a whole. From 1980-81 to 1981-82, for example, all wheat exports climbed 17%, but durum exports soared 39%. From 1982-83 to 1983-84, all wheat exports fell 15%, but durum dropped 28%.

Production of durum is easily the smallest of the five major wheat classes, and usually less than half of the next smallest. But durum production is quite volatile and often changes far more substantially from one year to another than other wheat classes. From 1980 to 1981, for example, durum production jumped 69%, but all-wheat production was up only 17%. Again, from the bin-busting year of 1982 to the payment-in-kind year of 1983, durum production was cut in half, but all wheat production was down by only 17%.

Now, for a somewhat troubling but important digression. These production numbers come from the U.S. Department of Agriculture, and recent experience has taught us that the durum numbers are, to put it mildly, not without their problems. Indeed, U.S.D.A. probably has more difficulty with its durum data than with its numbers for any other wheat class. For example, there is more confidence in the accuracy of last sea-

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son's all wheat production estimate, at 2,420 million bu., than there is in the durum estimate, at 73 million.

The problem with the durum numbers has been manifest in the quarterly grain stocks data, issued by U.S.D.A.'s Crop Reporting Board, the same agency which gives us the production estimates. In these stocks reports, U.S.D.A. throws a lot of raw data at us without digesting their implications or even seeing if the numbers really add up. Well, the recent stocks data for durum were pretty raw, and the numbers just didn't add up.

In April, 1983, for example, the stocks data indicated that durum usage in the first quarter of 1983 was 5 million bushels larger than in the first quarter of the previous year. No problem with that by itself, really, for such an increase could easily have happened. And such a jump would have strongly suggested an increase in exports. The problem was that durum exports in the first quarter of 1983— as tabulated by U.S.D.A.'s Federal Grain Inspection Service — were actually about 7.5 million bushels less than in the previous year's first quarter. Therefore, the numbers told us that domestic durum disappearance in the first quarter of 1983 was nearly three times as large as the year before — and there was nothing that happened domestically to justify an increase of that magnitude. These numbers just didn't add up. There are three possibilities — the numbers from 1983 were wrong, the numbers from the year before were wrong, or the process of gathering information on durum was so screwed up that none of the numbers could possibly be right.

But wait — it gets worse. The stocks data for this past April indicated that durum disappearance in the first quarter of 1984 was 8.5 million bushels, only a third as large as the year before. Of that 8.5 million bushels of durum that disappeared in the first quarter of 1984, exports accounted for 12.5 million. In other words, the data tell us that exports exceeded total durum disappearance by 4 million bushels. The only way for that to be true would

have been if there had been a flood of durum imports.

The purpose of this is to not make fun of U.S.D.A. in particular or of bureaucrats in general. I am not prejudiced against bureaucrats. Some of my best friends are bureaucrats. The point is that we have no more definitive numbers than those provided by U.S.D.A. — no one but U.S.D.A. has the resources to bring to this task. If we doubt the validity of the U.S.D.A. numbers, we have nothing else to measure them against. So, when the numbers are internally inconsistent this raises problems for all of us in the industry who use them and try to make sense out of them.

The production and stocks data are put together by the Crop Reporting Board for a number of inputs, including surveys of individual farmers and local country elevators. Just as a chain is at the mercy of its weakest link, so the validity of these numbers are dependent upon the quality of the responses to the surveys. I know of a family, for example, that treated their response to the census questionnaire from the Department of Commerce as a lark, and they went out of their way to give cute answers that were as far from the truth as they could imagine. When asked for ethnic background, this W.A.S.P. family indicated Aleutian Indian. Their response actually made the news in their community, for one television station noted that the latest census data showed that the number of Aleutian Indians in the community had doubled to two from one. If many others followed their example, how reliable are the census data? Getting back to the problem with the Crop Reporting Board's numbers, U.S.D.A. finds itself in a vicious circle. Often in the past their numbers have produced so much disbelief among individual farmers or elevator operators in one part of the country or another that those growers have refused to participate in subsequent surveys; as a result, the data base on which U.S.D.A. relies is very shaky. We certainly hope that U.S.D.A. can successfully reevaluate its procedures so that its reports can inspire more confidence in the future than they have in the recent past.

Exciting and Volatile

The durum market, then, is potentially exciting and volatile. One of

the interesting developments in recent years is the so-called "desert durum." A decade ago, production of durum in Arizona and California was almost negligible, but it has come to account for about 15 to 20% of the crop. "Desert durum" has a different growing cycle than the North Dakota variety; it is planted in November and harvested between mid-May and mid-June. It is a high yielding variety well-suited for the unique environment. It has its strong defenders who maintain that, in terms of quality, the best of desert durum is better than the best of North Dakota durum. As much as 90% of "desert durum" normally goes for export — the two major outlets from that market are Chile and Italy—and only a small portion of that durum goes into the domestic manufacture of pasta products. Limiting the domestic food use of desert durum is the fact that there is very little grain storage capacity in the region. In recent years exports of desert durum have accounted for as much as one-fourth of all durum exports. Last season, however, wheat exports slumped and exports of desert durum were almost nil, so most of this crop went to feed purposes.

Change

As I have reviewed the fundamentals of durum, the key factor is CHANGE. Price changes for durum are potentially more volatile than for other wheat classes, production and exports can vary dramatically from year to year, and the development of "desert durum" opens up new opportunities for the industry.

In November 1979 I covered my first meeting for Miller & taking News — the durum forum in Minot, North Dakota. And though it was less than five years ago — that time, Jimmy Carter was President, the Iranians had just seized the American hostages and no one could then imagine that there would be such a thing as a Soviet grain embargo — it may seem a lot longer ago because of how much has changed. Not just the world has changed dramatically in that period, but so has this industry as well.

The mood in November, 1979 was extremely optimistic. The future of the domestic pasta industry could

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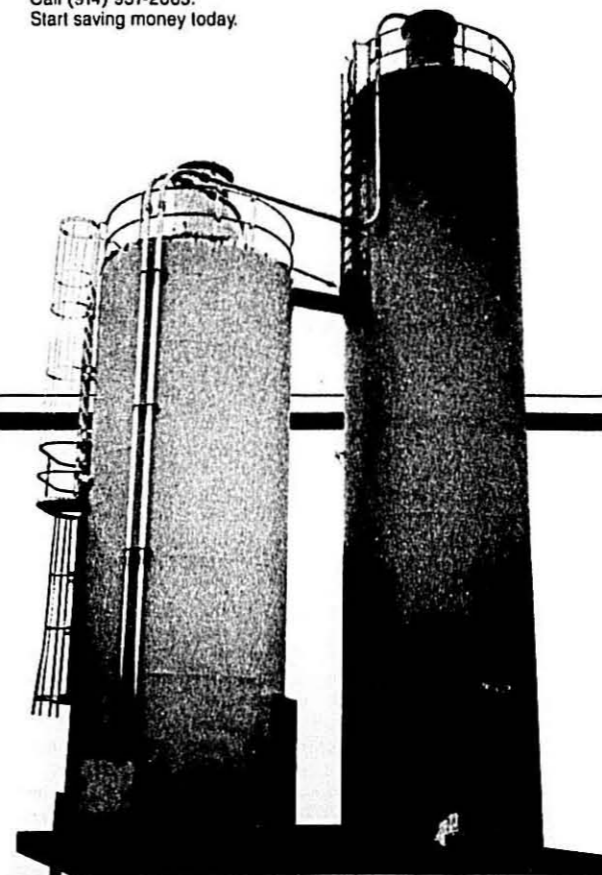
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The Pasta Industry

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hardly have looked brighter, and the entire grain industry was buoyant. Week after week, grain export clearances were setting record after record, straining the capacity of the U.S. transportation system to move such large volumes. We were riding on the escalator and couldn't see the top.

Clearly that glow of optimism has faded. However we view it today, agribusiness is struggling. The U.S. economy has experienced an impressive recovery in the past two years, but that recovery has just roared by rural America, leaving it gripped in the vise of recession. Not just producers, but all rural businesses that depend upon a healthy farm economy and the entire stream of grain handlers and processors have suffered in a shrunken agricultural economy.

Let me shift gears for a moment. Five years ago, when optimism prevailed in this industry, there were also a host of hot, new investments that excited much interest. One hot item was video games; another was home computers; and a third was cable television. Now, all of these industries have become important parts of the American scene, but many of these hot investments of a few years ago have turned sour. Losses by a major maker of video games a few months ago triggered a major stock market decline; the recent slump in bellweather I.B.M. has been directly related to the softness in the home computer market; and many promising ventures in cable television have fallen flat even though that industry touches millions more homes every year.

In short, in the past four or five years many of these hot investments have turned quite cold. But these are the kinds of industries society does not need and could probably do very well without. It isn't just a matter of how many kid's quarters have been blown on Pac-Man, for example, as it is of how many adults have regressed to childhood or beyond because of those infernal machines. And how many ordinary household tasks have been made much more complicated because a home computer was introduced? One can imagine the poor housewife trying to use a computer to keep an inventory of the family larder when

a simple glance into the refrigerator would prove quicker and easier. And cable television strikes another blow at that old-fashioned notion of conversation and spending evenings just visiting with family and friends.

The point is that society can get along quite nicely well without video games, or home computers or cable television — perhaps that is why they proved to be such volatile investments — but civilized society cannot survive at all without a reliable, dependable supply of food. None of these industries is nearly so basic as food, and few of the components of the food industry are so basic as pasta.

When you get down to it, food is not just the most basic of businesses, it is really the world's oldest business. Civilized society was not possible until human beings were able to produce an agricultural surplus — a surplus in the sense that not every person had to be involved in providing food. Oh, people smile when I say that agriculture is the world's oldest business, because we all know what is supposed to be the world's oldest profession. But what has always bothered me about this is that if we think of the world's oldest profession was really the world's oldest profession, how did the first customer ever earn the money to pay for it? We should never lose sight of the fact that we are involved in the world's oldest and most basic business — food — and that is one of our underlying and everlasting strengths.

Changed Outlook

The outlook for durum and for the pasta industry has changed substantially over the past few years, but we must caution ourselves against the natural human tendency to take existing trends and project them into the years ahead. It is human nature to extend the optimism, or the pessimism, of the present into the future. It is easy to assume that the way things are going now is likely to be the way they will keep on going. But when we make such forecasts, we tend to overlook the fact that it was unexpected changes that brought us to where we are now, and the current situation will in time generate its own adjustments and readjustments, leading to still further, and largely unanticipated, changes. The

ideas of impressive growth in the pasta industry, so commonplace in 1979, turned out to be overly optimistic; in much the same way, the pessimism in many sectors of breadstuffs today may turn out to be excessively gloomy. After all, it is often just about the time that trends peak and are about to change direction that we become convinced of their permanence. The one thing that we can fairly safely say about the future is that, like all the unknown futures past generations have entered, it is likely to be much different from the present we have known or the future we now anticipate. Traveling to the future is not like taking a superhighway across the plains, where one mile is just like the last one and the road ahead is clearly visible. Rather, it is like traveling a mountain road we have never seen before; we never know what lies around the next corner, but we are prepared for surprises. So should we be always as we look to the future of this industry.

Trends simply do not go on forever. For example, world population has been climbing steadily for centuries. In the 1830's, the world crossed the 1-billion mark for the first time, and population has nearly quintupled since then. At this rate of growth, world population would be about 20 billion in another 100 years. Indeed, if we were to extend this trend on far enough, we would ultimately reach that point in which the planet was so crowded that no one, literally, would have any place to sit down. Obviously, such a time will never come. That is another way of saying that the inexorable trend of world population growth will, at some point, but self-correcting. Perhaps not without considerable pain and suffering, but ultimately self-correcting.

In our rapidly changing world, recent trends have a much shorter life. The booming economy of the 1960's encouraged ideas that growth in jobs and output and income could be steady and permanent, interrupted only occasionally by those minor readjustments called recessions. In those heady days almost everyone, including the most poorly managed companies, were able to make money, even when they appeared to be

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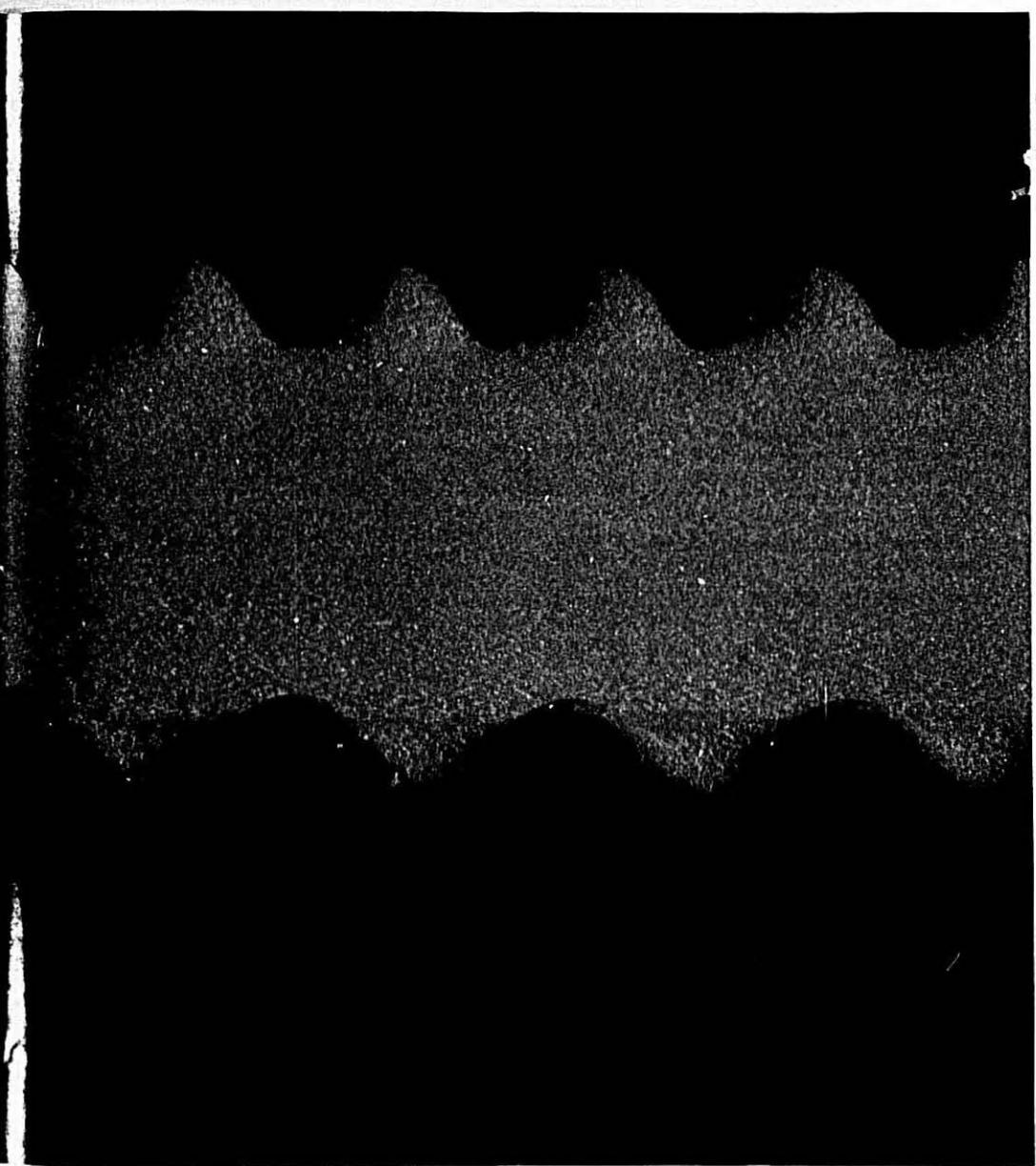
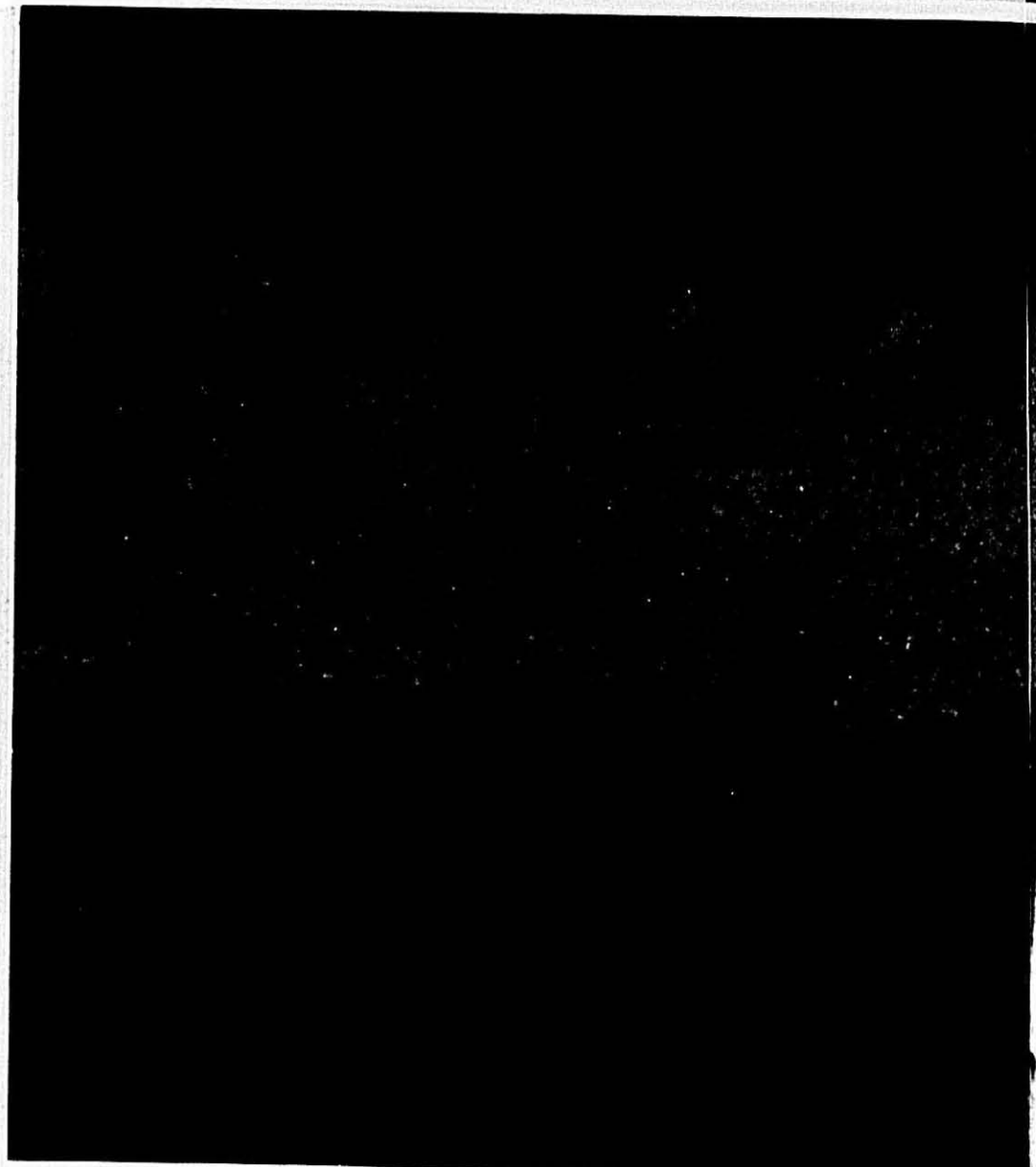
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The Pasta Industry

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bending over backward in an effort not to. In more recent years, the dark pessimism of the early 1980's encouraged the "doom and gloom" notions that the economic ills which afflicted us would be hard, if not impossible, to overcome, and that the intractable problems of today, like the enormous federal budget deficits, would be with us as far into the future as the eye can see. During the depths of the recent recession, almost everyone, even the best managed companies, found it a supreme challenge to keep the ledger books in the black. Those who prosper in good times and bad will be those who most readily adjust to the quite unexpected changes that will almost surely come.

Consolidation

When M. J. Donna took over as the director of the National Macaroni Manufacturers Association 1919, there were about 500 manufacturing members of the Association! When Bob Green took over nearly 30 years later, that number had been cut in half. Today, with Joe Lichtenberg at the helm, there are fewer than 50. We could project this trend on into the future until the shrinkage had finally left us with only one pasta manufacturer.

In milling, consolidation within the industry has been impressive; in recent years leadership in terms of capacity has shifted from one milling company to another as the merger wave swept through the industry. If this trend continues, we will some day come to that point where there is only one mill left: I can imagine what such a company might be called, but I'd rather not say.

Down on the farm, the trend towards concentration is also evident and the traditional family-sized operation is clearly an endangered species. If the trend continues with smaller farms being gobbled up by larger units, we will reach a point sometime in the future where all of American farming is composed of one giant farm.

This linear projection of current trends is mind-boggling, for it leads to the fanciful conclusion that, at some point in the future, the one pasta manufacturer will be buying all of its semolina from one mill, and

that this one mill will buy all of its durum from the one farm.

Another way we can look at what I call "the fallacy of projecting linear trends" is to look at the recent problem confronting this industry, that is, competition from subsidized exports from Italy. In just a few years, they have become a major factor in several major markets. We can take this trendline of growth and project that time in the future at which imports take over the entire U.S. pasta market. Of course, this will never happen; at some point or another, this trend, like all trends, will finally change. Clearly identifiable trends can, and do, last for a while, and for a considerable period of time a major trend — such as the consolidation phase in pasta or the merger phase in milling — can generate major changes. The point is that major trends will sufficiently change the environment so as to alter those trends.

Bright Promise

Despite the uncertainties that dominate any glance into the future, we can say that the outlook for pasta is bright with promise. Pasta is a versatile, nutritious and economical food that satisfies the public concern for good health and good value. In the U.S., it is easy to assume that the growth of the domestic food industry is limited by the nation's general affluence and its slow rate of population growth. But both trends could be changing in ways significant for pasta.

This nation has, more than any other, been a middle-class society. Yet, that middle class may be narrowing, for statistics indicate that the proportion of American households falling within that middle range of income is decreasing. Many of this generation wonder whether they are at an uncomfortable peak, living better than their parents ever did and better than their own children ever will. If such an economic evolution materializes, it could have profound social implications, and a shrinking middle class in the years ahead could mean significant changes in the ways Americans spend money on food. In this case, the appeal of economical and nutritious foods like pasta would be strengthened enormously.

Population growth in the United States has picked up in recent years

after a decline through the 1960's and into the middle 1970's. Declining population growth in recent years has had profound significance for school systems and youth-oriented businesses. But as the children of the post-World War II baby boom have reached child-bearing age, population growth has increased slowly but steadily, though it is still far from the record levels of the late 1950's. If these two trends of more births and a shrinking middle class persist for at least a few more years before the inevitable process of change and readjustment sets in, the implications for businesses like pasta could be quite profound.

Other uncertainties loom that we may be powerless to prevent, and those who best survive in the years ahead will be those who best adapt and create their own opportunities in the constantly changing environment. Interest rates are not so volatile as in 1980 and 1981, but the financial markets are still prone to dramatic and sudden shifts. The dragon of inflation lies dormant but not dead. The economic future is filled with several potential land mines.

In more ways than we want to recognize, the future is beyond our control, and the way to survive and prosper in the years ahead is not to affect events we cannot anticipate and are largely powerless to control but to adapt to those changes that we cannot avoid. As this industry has discovered, we can protest to the skies, carry our complaints to the highest courts but still not be able to stop the flood of subsidized imports from Italy. Our frustration with this problem is all the more intense because of our limited power to stop it.

Perception and Quality

The problem with imports comes down to two basic factors that will determine the health of this industry in the years ahead and the success of its various components — perception and quality. On the one hand, there is, in some quarters, the perception that Italian pasta is somehow "the" authentic pasta, and that anything else is, in one way or another, an imitation. This perception is wrong and must be challenged wherever we find it.

This polyglot nation of ours is a land of immigrants, except for the relatively few of us who are native

American Indians, all of our ancestors came from somewhere else through the customs and traditions of their homeland to these shores. Pasta did come to the U.S. largely from Italy — as most other foods that now are a part of our diet — but it has become so well entrenched in this country that to take it away is truly to take away a part of America. Pasta is too much entwined in the fabric of American life to be considered "just another ethnic food." Pasta has become as American as baseball, or scotch whiskey, or apple pie, or beer or pizza.

The other factor is quality. Let's look at the automobile industry as an example. The auto industry's history is, of course, much briefer than pasta's, less than a century. And we associate the automobile with the U.S. more than with any other nation. After all, it was in the United States that the automobile was perfected, that the industry first developed, that mass production was inaugurated, and the automobile has impacted on no other nation as profoundly and as dramatically as it has on the U.S. Americans are much more likely to rely on the private car to get to work and to travel between cities than are citizens of any other country.

Yet, today, in this country, which gave birth to the auto age and which has been changed by that industry more than any other, we see that Japan has come to dominate the small car sector. Why? We hardly associate the Japanese with any significant role in the development of the automobile. Historically, Japan has not been an innovative society so much as a derivative or imitative one; traditionally, they do not produce breakthroughs but take the innovations of others and perfect them. And the Japanese have dominated the small car market only in the last decade or so because they imitate American techniques, improved production methods and quality control and turned out a better small car than anyone else. The Japanese dominate the small car market for one reason — quality. Nothing could so stem the flood of imported cars as the availability, at a competitive price, of quality automobiles produced in this country.

As we look ahead, I come back to the theme that has been threaded throughout this talk — the future, more likely than not, will surprise us,

Pasta Makers in America

HERSHEY CHOCOLATE DIVERSIFIES

In 1980 Forbes Magazine wrote: "If big company money and promotion power aren't enough to crack the fiercely independent pasta business, there's going to be considerable disappointment in Hershey, PA. Headquartered there in the green foothills of Pennsylvania Dutch country is the \$1.2 billion (sales) Hershey Foods Corporation which was the first big outside company to invade the macaroni business. Since 1966, when it made two acquisitions, Hershey has been slowly expanding in the business. With its San Giorgio, Delmonico, Pro-cino & Rossi, and Skinner brands, it now claims a 10.2 percent market share, second only to the 18 percent share of C. F. Mueller Company, a subsidiary of Foremost-McKesson, Inc. Macaroni in 1979 brought Hershey about \$65 million in sales.

"Hershey remains essentially a chocolate company, with 70 percent of its sales (\$850 million) in that business, but it is trying hard to break out of that mold. Early last year it paid \$164 million cash to buy Friendly Ice Cream Corporation, a New England-based chain of 620 moderately priced family ice cream parlors and restaurants. It was a steep price, nine times the previous year's earnings, but so far it has worked out well for Hershey. In 1979 Friendly produced roughly \$25 million in pre-tax earnings for its new parent. Hershey paid for Friendly with the proceeds of \$75 million in 8.5 percent debentures and the rest with cash from its bulging treasury. Even allowing for interest costs — and the in-

terest foregone — Friendly made a substantial net contribution to Hershey's bottom line and helped produce a 25 percent increase in earnings (to \$3.70 a share). With a return on equity of nearly 19 percent, Hershey is among the most powerful specialty food companies.

"It wasn't always so. In the early 1970's the price explosion in cocoa beans, Hershey's main raw material, sent earnings plunging 30 percent. Another jolt came from the privately owned Mars, Inc., which buried Hershey in a blitz of advertising and promotion and ousted it from the Number 1 spot in U.S. candy sales.

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

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

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

San Giorgio

Keystone Macaroni Manufacturing Company, later to be called San Giorgio, was reported in the February, 1922 issue of the Macaroni Journal to have held a stockholders meeting in the newly erected plant in Lebanon, Pennsylvania. Gaetano Guer-risi was selected President; John F. Feeser, vice president; F. W. Kreider, secretary - treasurer; Walter Graeff, solicitor.

In 1943 it was noted that Mr. Guerrisi was re-elected President;

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All that meat and no potatoes

Not a bad idea, especially when you consider that a very recent study on foods that "hold calories" in our body lists white potatoes right up there with candy bars.

Simply stated, what the study says is that "the way we hold calories in the body may be a result of our insulin response to different foods. One function of insulin is to pack away every calorie that the body takes in." If we eat foods that don't immediately jump the insulin level, our overall metabolism responds differently and we don't necessarily deposit the calories.

Most nutritionists have been urging us to cut down on our intake of fats and protein and increase our intake of foods with complex carbohydrates.

But **high** carbohydrates we eat make a difference in insulin release.

For example: new studies show white potatoes shoot the glucose and insulin levels as high as a candy bar. The circulating glucose from the potato is likely to be packed away as fat.

Pasta (made with semolina), on the other hand, qualified for the "good group," a finding that astonished many. Pasta produces a flat reading on glucose levels and insulin release.

We have nothing against the good ol' potato. The fact is, we enjoy potatoes. And we don't suggest totally replacing the potato with pasta. We just suggest that it's a good idea to vary our diet — like meat and pasta a couple of times a week.

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San Giorgio

(Continued from page 21)

George B. Johnson, vice president and general manager, and Charles J. Travis, secretary-treasurer. P. N. Hershey was a member of the Board of Directors.

By 1953 George B. Johnson was President, and Packaging Parade Magazine did a story on their installation of Redington cartoning machines that took pre-weighed goods and fed them into a window-front carton. The old cracker shell box with inner wrapper was eliminated.

At the end of 1954 Raymond J. Guerrisi, oldest son of Gaetano, was elected to succeed George Johnson as President and General Manager. Brother Robert was named vice president and brother Joe treasurer.

The Guerrisi boys made a \$750,000 addition to the San Giorgio Macaroni plant in 1958, making it possible to handle flour in bulk. Ten silos were built to store a million pounds at one time.

Phoenix

In 1960 they had a disastrous fire, but by 1963, like the phoenix rising from its ashes, the San Giorgio plant was re-erected into a modern model macaroni operation. The Braibanti Company of Milan, Italy, installed its latest equipment and invited the industry to come and tour the facilities which was a tribute to the management of the Guerrisi family.

San Giorgio boasted of an initial installation of the Triangle-Gaubert long goods weighing machines. Spaghetti was automatically weighed into one-pound units, and each quantity was deposited into a separate tray in a continuous belt of trays. This eliminated the hand weighing and insertion in the pouch of the Redington system which was a great innovation at the time it was installed.

Hershey Acquisition

In June of 1966 Hershey Chocolate Corporation made its first move outside the confectionary field with the acquisition of San Giorgio Macaroni Company of Lebanon, Pennsylvania, for an undisclosed amount of Hershey stock.

Harold S. Mohler, Hershey President, told the annual meeting held in March that Hershey hopes to expand San Giorgio's market area to cover



Raymond J. Guerrisi

the nation, but hasn't any definite plans for its expansion at the moment. "San Giorgio markets throughout the eastern seaboard, with the greatest concentration between Washington and New York.

"Through the acquisition of San Giorgio, Hershey will be advertising in the United States, a departure for the company, although it advertises its confectionary products in Canada. San Giorgio advertises and will continue to do so," Mr. Mohler said.

Will Dade

Willoughby S. Dade was named President of San Giorgio Macaroni, Inc., a subsidiary of Hershey Foods Corporation in 1972. Dade has joined the Hershey organization as director of sales and marketing for San Giorgio in 1966 after holding various sales positions with Scott Paper Company. In 1969 he was named manager of sales and marketing for Hershey's pasta division which included Del-



Willoughby S. Dade

monico Foods, Inc., of Louisville, Kentucky, in addition to San Giorgio.

Will Dade mastered Italian psychology when he gave the story of "The Three Bears" in pigeon Italian at an industry meeting dealing with the violation of the standards of identity by General Foods. General Foods had gotten a marketing permit to make "Golden Elbows" out of corn meal. The industry was indignant, because corn meal was not a permitted ingredient in the standards of identity.

Here is Mr. Dade's presentation:

In Pigeon Italian:

Disse libretto ise fo dose u lauche tu follo di spiccher uail ise spicche.

Di Tri Berrese

Uan appona taim uas tri berres: mamma berre, pappa berree, e beibe berre. Live inne contri nire foresta. naise aus, no mugheggia. Uanne dei pappa, mamma, e beibe go bice, odeie e furghette locche di doore.

Bai enne bai commese Goldicchese. Sci garra nuttinge tu du batte meiche troble. Sci puscie olle fudde daon di maute, no live cromme. Den sci gos appeterrese enne slippe in olle bedese.

Leis Slobbel

Bai enne bai commese omme di tri berrese, olle sanneborne enne send inne sciur. Deigarra no fudde, dei garra no beddese. En uara dei goine to du tu Goldilochese? Tro erinna stri? Colle pulissemenne?

Fette Cienza!

Dai uas Italian berres, en e dei slippe onne florre.

Goldilochese stei derre tri icase; ittle ause erre omme, en giuste sicose dei esche erre uans tu meiche beddese, sci sei, "go to elle," enn rune omme tu erre mamma, tellenei e uat sanamabicese di tri berrese uer.

Uatsiuse? . . . Uara tu goina du? Go compleine Sittiolle?

Translation:

This libretto is for those of you who like to follow the speaker while he is speaking.

The Three Bears

Once upon a time was three bears: mamma bear, pappa bear, baby bear. They live in a country near a forest.

Nice house, no mortgage. One day pappa, mamma, and baby go bye-bye but the forget to lock the door.

By and by comes Goldilocks. She got nothing to do but make trouble. She pushed all the food down the mouth, no leave crumb. Then she go upstairs and sleeps in all the beds.

Lazy slob!

By and by comes the three bears, only sunburned and sand in their shoes. They got no food, they got no beds. And what are they going to do to Goldilocks? Throw her in the street? Call the policeman?

Fat chance!

They were Italian bears, and they slept on the floor.

Goldilocks stayed there three weeks; it was her home, and just because they ask her to make the beds she say, "Go to hell," and run home to her mamma, telling her what sanamabicese the three bears were.

What's the use? What are you going to do? Go complain to City Hall?

Comments

I would like to suggest that the Macaroni Industry is represented by the Three Bears, General Foods is Goldilocks, and FDA is City Hall.

At the Washington Affairs Committee meeting in October, I took some products to explain what we had been doing for our own guidelines inasmuch as we think of this problem more in terms of salesmanship than we do as a threat to the Standards. We tried various formulas out to determine whether or not they would be saleable.

Mr. Dade then showed a series of charts with various combinations of Semolina, soy-protein isolate, soy flour, and corn meal. In carrying on the discussion Mr. Dade declared: "I sifted through all the comments that we received and came up with these general observations: In every case the consumer would recognize the products as elbows. Uncooked the control products had an undesirable appearance and color. Cooked, the

product was either too yellow or grey by our standards. And when the product was firm to the taste, these products tend to be mealy in texture. The product tended to be less adhesive with the addition of soy and/or corn. Finally, and you may not like this, despite the poor color and texture it was the consensus of our taste panel that if you doctored these products up with sauce or in a casserole the conditions of color and mealiness tended to become obscured."

"Now for my editorial—it is simply this: I view the General Foods license to make the product as just a marketing permit. We are a pragmatic industry; there is a reluctance on the part of the industry to make a product that is not based on wheat. If this industry is going to meet USDA needs to have a meat substitute, I think it is going to have to step up and be counted and make such a product available. Otherwise somebody else is going to be given the license to sell.

Next Month: Conclusion with Delmonico Foods, Procino-Rossi.



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Specialty Pasta Maker Upgrades Package and Increases Productivity With Automated Line

If you're a manufacturer of specialty pasta products, how do you improve your packaging and increase your productivity at the same time?

This was the problem faced by John Natali, President, and Armand Saavedra, Executive Vice President of La Rinascente, an old line manufacturer of macaroni products.

Today, the leading manufacturer of fidelini and cabello de Angel (angel's hair), La Rinascente private labels its quality macaroni products under a number of well-known brand names as well as its own.

According to John Natali, "packaging fidelini and cabello de Angel poses a number of challenges. Among them the fact that the products are not uniform in size or weight, they tend to become easily tangled, and they must be 'faced' in the package."

Until recently, Armand Saavedra pointed out that the products were filled and faced in preformed, pre-printed polyethylene bags. Because of the difficulty in handling, these bags had to be oversized. As a result, the products could easily shift and fragment in the package, thereby discouraging the impulse buyer.

John Natali wanted to improve the appearance of the package to reflect the quality contents. At the same

time, he was also interested in increasing line productivity.



This is a before and after shot showing the old package on the left and the new version on the right.

time, he was also interested in increasing line productivity.

Could it be done? La Rinascente had previously attempted automating the line but was unsuccessful.

However, with an increasing volume of orders, John Natali and Armand Saavedra felt it was essential to try again.

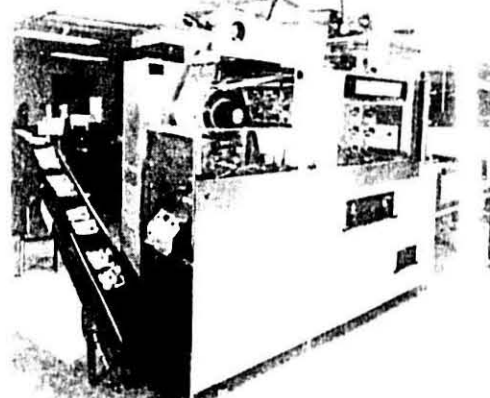
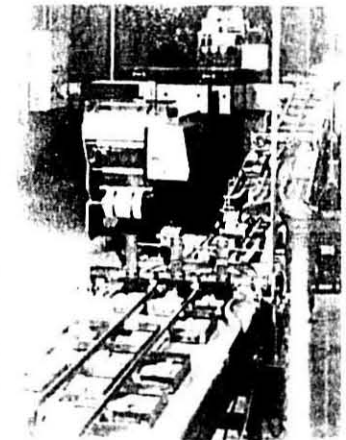
To solve their problem, La Rinascente management took a two-tier approach. First, they brought in a packaging consultant to advise them on available packaging options and, secondly, they opened discussions with a number of equipment suppliers with experience in automated lines.

John Natali was especially interested in using U.S. sources to supply to ensure support and facilitate a smooth 'trouble-free' start up.

Based on a review of their needs, La Rinascente's management decided to move ahead with a completely new approach to an automated macaroni packaging line.

Pivotal to the success of the new line were a custom designed past-loading system and an integrated automatic horizontal thermoform, fill, and seal system.

Ironically, John Natali found a machinery solution in his own back-



Three principals of La Rinascente examining product by Mahaffy & Harder thermoform/fill/seal machine. From left to right: John Natali, President, Armand Saavedra, Executive Vice President, John Hoskins, General Manager.

Describes flow of product through ICORE Checkweigher on the overhead system that deposits contents of tub into package.

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yard in the form of an automatic Mahaffy & Harder horizontal thermoform, fill and seal system that could be tailored to La Rinascente's special quality and production requirements.

John Hoskins, General Manager, had overall responsibility for the installation of the new system. This includes a programmable controller which monitors and regulates the function of the line. Mr. Hoskins also had responsibility for selection and training of personnel necessary for efficient and continuous operation.

The resulting line offered La Rinascente the best of all possible worlds: First of all, it produced a superior package and, secondly, it did so at 50% higher rates than before with less direct labor.

La Rinascente's new package is available in 3 weights and two sizes. These are 6 oz., 10 oz., and 12 oz. packages measuring 6" x 6" and 10½" x 6", respectively.

The improved package consists of a 2½ mil top web of polyester and polyethylene with reverse printing on polyester and a bottom web of laminated nylon and polyethylene also with reverse printing.

According to Armand Saavedra, "the new package offers important benefits. First of all, the new materials provide an improved barrier and longer shelf life for the product. Also, because the package is evacuated and partially flushed with fresh air, product stability is enhanced.

"In addition, the new package produces a tighter fit, contributing to its improved appearance and virtually eliminating damage caused by product shifting."

John Natali also indicated that "the new materials provide for improved graphics with no distortion of the printing. Because reverse printing is used, there is no abrading or fading of the printing that could affect overall package appearance."

Operation

In operation, the macaroni products are transferred from a slow moving belt conveyor to individual stainless steel tubs each designed to accommodate the same weight as the final package. The tubs are loaded and move automatically in two lines where they converge and are indexed

into the feed of an ICORE Check Weigher.

The tubs are automatically weighed and discharged in three lanes. The middle lane accepts those buckets that fall within the desired weight parameters; the inner and outer lanes contain underweight and overweight buckets respectively. Tub weights are adjusted on line and are fed automatically into a second ICORE Check Weigher which automatically rejects those tubs which are either under or over the prescribed weight limits.

The accepted tubs proceed by overhead conveyor onto a custom engineered automatic loader which captures each tub, feeds it over the Mahaffy & Harder thermoform, fill and seal system, inverts the tub, and deposits the product into the formed bottom web; the tub is then returned via overhead conveyor to the loading section where the cycle begins again.

Package cavities on the form, fill and seal system are formed from pre-printed roll stock which feeds through a series of rollers into a set of carrying chains where it is clamped on both sides and from front to back.

At the forming station, the bottom web is preheated and then vacuum formed with minimal distortion to the printing. Depth of draw is approximately 2½ inches.

Next, the product is automatically loaded into the formed cavities by the overhead tub feeding system. Simultaneously, the nonforming top web is unwound, date coded and mated with the bottom web through mechanical clamping and heat sealing.

During sealing, the package is evacuated and partially flushed with clean air in order to produce a shelf stable, low vacuum package. The packages are then separated and then case packed for shipment.

What are the benefits of the new line?

According to John Natali, "the previous method was very labor intensive. With the new line, we have been able to increase productivity by as much as 50% with fewer operations."

John Natali also cites the fact that "the Mahaffy & Harder machine allows us to get a much tighter package than we could ever obtain manually, with fewer rejects and less product damage due to handling."

Armand Saavedra was also pleased with the short break in period due to the "close support of the equipment suppliers."

He adds that "we are very enthusiastic about both package quality and the performance of our new line and that all our projections have been met on schedule."

Both John Natali and Armand Saavedra look forward to adding additional automatic lines to keep pace with increasing demand.

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NORTH DAKOTA WHEAT COMMISSION CELEBRATES 25TH ANNIVERSARY

by Melvin Maier, Administrator

Twenty-five years ago an idea reached its time and the North Dakota Wheat Commission was established. Some of the "old timers" tell me that the idea of some kind of organization to push sales of North Dakota wheat had been around long before that. We know that there existed a North Dakota Wheat Producers organization as early as the 1920's.

But it seemed like the time was not right for sales promotion financed by producer checkoff until 1954. What made it right at that time was the passage by the U.S. Congress of the "Agricultural Trade Development and Assistance Act of 1954" better known as Public Law 480.

Its significance lies in the fact that for the first time the federal government, which had dealt with farm problems in major fashion since the early 1930's passed legislation to deal with the marketing of ag products.

Perhaps the most used and best known of PL 480's provision was one which provided for the payment of U.S. ag products in the currency of the country making the purchase. The United States then agreed to spend these "foreign currencies" for the development of agriculture and industry in that importing country. Another provision authorized 5 percent of all foreign currency credited to the U.S. to be spent for the development of cash markets for U.S. agricultural products. Eventually those currencies could be spent to develop markets in other countries as well. A final significant provision was that to be made available U.S. producers had to match a portion of those funds with their own dollars.

That became the driving force behind legislation establishing wheat commissions in the major wheat states. Passage by the 1959 North Dakota Legislative Assembly did not come easy. Although wheat commission legislation had the support of both political parties in 1958 the N.D. farm organizations were split. The opposition or support from the two major farm organizations varied then and still does from state to state across the nation.



Melvin G. Maier

In late 1957 and early 1958 the U.S. Durum Growers Association, the Agricultural Committee of the Greater North Dakota Association and later the N.D. Farm Bureau actively promoted producer support for the establishment of a commission. In a letter to the Legislative Council, Clark Jenkins, GNDA agricultural manager, in behalf of GNDA, the North Dakota Farm Bureau, and the North Dakota Crop Improvement Association asked for assistance in preparing the bill draft. Senator Ernest C. Livingston was the primary sponsor and introduced SB166 with Senators Becker, Trenbeath, Vendsel, Fiedler, Yunker, Redlin, Kisse, Erickson, Saumur and Roen listed as co-sponsors.

Well before the 1959 Legislative Assembly, producer supporters of the commission took to the road to tell the story to farmers. At numerous meetings held in the summer and fall of 1958 the proponents argued the case. One of the more significant was a meeting held in Carrington attended by 150 farmers.

The legislation was introduced on January 27 and after amendment finally passed the Senate on February 20. The House took up action on February 23. The House Committee on Agriculture brought SB 166 to the floor with a majority of nine votes for "do pass" and a minority position of seven for "indefinite postponement." After sometimes heated discussion on the floor, SB 166 received favorable House action on March 2 and following bill signature by Gov-

ernor John Davis, the Wheat Commission came into being.

The concept of the commission has been right from the start. It is a producer-financed program and producers control the policy and programs of the commission. Rather than appointment by the Governor, producers in each country elect a representative and they choose the commission member in six districts. One member is the Governor's appointee. Since the initial legislation the bill has been amended several times and now provides for more of an active advisory role of the county representatives.

The programs have also changed over the years. The Commission has reacted to specific problems and to short and long range opportunities. From half a dozen trade teams each year the commission now hosts 20-25 individuals or delegations each year. The Northern Crops Institute is a prime example of the need for this kind of approach not only for wheat but for all crops produced in North Dakota and this region.

The commission has put much of the burden on competent staff. Paul E. R. Abrahamson, the first administrator, was a man who fit the times. "Abie" knew his state and the people in it. He and those first seven commissioners got the commission off to an unflinching start.

The challenge for the commission remains. It needs to be just as imaginative and concerned now as it was then as it deals with today's and tomorrow's problems and opportunities. Some of the initial concerns have gone by the way side. Some programs have been discarded as obsolete, no longer necessary. We hear less of end product promotion campaigns in overseas markets today. New markets for North Dakota wheat and durum are still attainable but only with effort. The emphasis is on technical assistance, which is enhanced by the Northern Crops Institute and the role of our government in dealing with international trade issues.

Many of the problems will be the same. There are new faces on the commission and new people making decisions in Washington and in the overseas firms and governments which buy from us. Staying in touch, knowing the product, pushing sales, and providing service to customers, that's the part that hasn't changed and that's our continuing goal and challenge.

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North American Durum Outlook

Prospects for spring wheat and durum production in Canada and the United States are somewhat mixed as the growing season in both countries progresses, according to the North Dakota Wheat Commission.

Neal Fisher, NDWC deputy administrator, said total spring wheat acreage combined in both Canada and the United States is expected to decrease by 3 percent, while combined durum acreage of the two countries is estimated to increase by 23 percent. Canada and the United States together are the only significant world exporters of hard red spring wheat and durum.

"Latest estimate of 1984 U.S. planted acreage indicate a 28 percent increase in U.S. durum acreage and a 6 percent increase in U.S. spring wheat acreage as compared to 1983 plantings which were sharply reduced by the Payment-In-Kind/Acreage Reduction programs," Fisher said. "Total U.S. wheat acreage is expected to increase by 4 percent from 1983."

Fisher said similar estimates of 1984 Canadian crop potential indicate a 3 percent decline in total wheat acreage with a 20 percent increase in durum and a 6 percent decrease in other spring wheat plantings as compared to 1983.

With crop conditions ratings mostly good over most of the production region, Fisher said average to above average yield in 1984 provide potential for a 25 percent increase in North American durum compared to 1983. "With a similar reduction in carryover/stocks of U.S. durum in the 1983-84 marketing year, the current outlook for 1984-85 North American durum supplies appears to be quite similar to last year," Fisher said.

Quarterly Durum Report

The Crop Reporting Board as of June 1, 1984, reported that growers seeded an estimated 3.28 million acres, 28 percent more than in 1983, but 23 percent below the 1982 acreage. Durum wheat acreage to be harvested for grain is expected to total 3.21 million acres, up 29 percent from last year, but 23 percent less than 1982. Durum wheat seeding progress in North Dakota was excellent this year with 99 percent seeded by June 3 compared with an average of 90 percent. Durum

growing areas of North Dakota and Montana were very dry during much of the spring until showers in early June improved crop prospects; however, moisture reserves were still considered low. Harvest in durum areas of California and Arizona was proceeding rapidly in June and crop condition was considered very good.

Stocks

According to the Crop Reporting Board, U.S. old crop durum wheat stocks in all positions on June 1, 1984 totaled 101 million bushel (2.76 million metric tons), 25 percent less than last year's 136 million bushels (3.70 million metric tons), but down 4 percent from 1982. This year's farm stocks of 73.7 million bushels (2.01 million metric tons), were 34 percent below the 111 million bushels (3.02 million metric tons) on hand June 1, 1983. Off-farm stocks at 27.6 million bushels (752 thousand metric tons) were up 11 percent from a year ago. Indicated April/May 1984 disappearance of durum wheat was 22.2 million bushels (603 thousand metric tons), down 16 percent from the 26.5 million bushels (720 thousand metric tons) recorded for the comparable period a year earlier.

Exports

U.S. durum wheat exports for the past year totaled 58.6 million bushels which increased 7.8 million bushels. The largest importers were Algeria with a total of 20.5 million bushels and Tunisia with a total of 10.2 million bushels accounting for over one-half of the total imports.

Duluth/Superior

Exports of durum wheat out of Duluth/Superior since the opening of the shipping season through July 20, 1984 totaled 9.7 million bushels in comparison to 24.1 million bushels a year ago. Export buyer demand was slack with exports down sharply. Stocks of durum wheat at the twin ports as of July 19, 1984 totaled 3,931,000 bushels compared to 3,145,000 one year ago.

Canadian Situation

Durum wheat, according to Canadian Statistics tabulations based on 1984 findings, planting intentions increased to 4,200,000 acres compared to 3,500,000 acres grown in 1983. The visible supply of Canadian durum

is licensed storage and in transit on July 11, 1984 amounted to 808.6 thousand metric tons, 123.8 thousand metric tons less than last year's figure of 932.4 thousand metric tons. Canadian exports of durum wheat in June 1983/May 1984 period decreased to 2.4 million metric tons compared to 2.7 million metric tons during the same period a year ago. Algeria, Italy and the U.S.S.R. were the largest importers taking a total of 1.9 million metric tons of durum wheat.

Durum Crop Stressed

"Durum prospects in North Dakota and Montana, as well as Canadian production areas, have declined sharply as a result of hot, dry weather," James F. Frahm, U.S. Wheat Associates, says in the organization's weekly newsletter. Mr. Frahm comments: "In the U.S., some fields that were cropped last year are being plowed or cut for fodder while fields sown on fallow ground likely will yield only about 75% of earlier expected amounts. Approximately 85% of Canadian durum production lies in the drought-affected area and yields are estimated to have been reduced by 30% from pre-drought prospects."

In North Dakota, hot and dry weather contributed to slight but further deterioration in the crop status. Durum in the state was rated 13% very good to excellent, 48% good, 33% fair and 6% poor. Dry conditions were especially stressful in the northwest corner of the state, which accounts for nearly one-third of the state's output.

Durum Planting

According to the U.S. Department of Agriculture, seedings of durum are 3,282,000 acres, a jump of 28% from 2,565,000 acres last year but 15% below the February indication of 3,850,000 acres. Planted area is 43% below the recent high of 5,760,000 acres in 1981. Record durum plantings were 6,855,000 acres in 1928. Durum harvest area is estimated at 3,205,000 acres, up 29% from 2,492,000 acres last year.

ADM Dividend

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and a 5% stock dividend. The cash dividend is payable Sept. 4 to holders of record Aug. 7, while the stock dividend is payable Sept. 14 to holders Aug. 20. The same stock dividend was paid in 1983.

ConAgra Record

ConAgra, Inc. achieved record sales and earnings in both the fourth quarter and fiscal year ended May 27, with the fourth quarter representing the first in which ConAgra sales have exceeded \$1 billion.

Net income of ConAgra in fiscal 1984 totaled \$62,648,000, equal to \$2.95 per share on the common stock, up 31% from \$47,770,000, or \$2.59, in fiscal 1983. Net sales totaled \$3,301,524,000, up 43% from \$2,308,919,000. In the 1982 fiscal year, ConAgra had net income of \$32,873,000 on sales of \$1,709,599,000.

Net income of ConAgra in the fourth quarter ended May 27 totaled \$19,878,000, equal to 86¢ per share, up 40% from \$14,230,000, or 78¢ per share, in the final quarter of fiscal 1983. Net sales aggregated \$1,045,321,000, up 91% from \$548,812,000 in the year-ago quarter.

ConAgra said pretax earnings from continuing operations increased 18% in the fourth quarter and 13% for the year. Pretax earnings include ConAgra's share of net, after tax income of the poultry business which was 50% owned through fiscal 1984.

"Fiscal 1984 was a highly significant year for ConAgra," Charles M. (Mike) Harper, chairman and chief executive officer, said. "Balance and diversification helped reported earnings per share reach record levels for the fourth straight year. Moreover, ConAgra achieved major growth in trend line earning power and scale — our annualized sales now are about \$5.5 billion.

"Fiscal 1984 also marked the ninth straight year in which ConAgra has met its demanding financial objectives. Our most important objective is to average better than a 20% return on year-beginning common stockholders' equity. The 20% return in fiscal 1984 puts our five-year average at 23%.

Excellent Grain Results

In reviewing fiscal 1984 operations by business segment, ConAgra said that

in its Grain segment, excellent results in processing were more than offset by depressed results in grain and barge merchandising. The segment's fiscal 1984 operating profit was \$10.1 million, down 56% from \$23.3 million in fiscal 1983. Sales totaled \$814.8 million, up 16% from \$704.5 million.

ConAgra Grain Processing companies had strong earnings growth to record levels, led by ConAgra Flour Milling Co.'s major gains, ConAgra said. ConAgra Feed Ingredient Merchandising Co., also contributed to the gains. Peavey Grain Companies, it added, had sizeable losses in a depressed grain merchandising and barge transportation environment.

ConAgra's Food industry segment posted operating profit in fiscal 1984 of \$82.1 million, up 63% from -50.4 million in fiscal 1983. Sales aggregated \$1.45 billion, up 95% from \$743.1 million.

During fiscal 1984, the company said, ConAgra Poultry Companies achieved outstanding earnings gains as broiler chicken margins were excellent. Banquet Foods, it added, increased unit volume and registered significant earnings gains. Armour Food Co., acquired early in the third quarter, was a major contributor to fourth quarter and full year Food segment sales gains, and earnings were above plan.

Operating profit of the Agriculture segment in fiscal 1984, ConAgra said, was \$48.4 million, up 4% from \$46.4 million in fiscal 1983, while sales totaled \$1.04 billion, up 20% from \$861.4 million. United Agri Products, it continued, enjoyed excellent results with increased sales and market share and record earnings. AgriBanics Co.'s feed and fertilizer sales and earnings, ConAgra added, were strongly ahead of the prior year's record results. Caribbean Basic Foods Co.'s earnings were down and ConAgra Europe was unprofitable for the year.

Pillsbury Performance

The Pillsbury Co. achieved record sales and earnings in the fiscal year ended May 31, marking the 13th consecutive year of record performance by the company.

Net income in fiscal 1984 totaled \$169.8 million, equal to \$3.91 per share on the common stock, up 22% from \$138.9 million, or \$3.20 per share, in fiscal 1983. Per share earn-

ings for 1983 are restated to reflect a two-for-one stock split in November 1983.

Net sales for the year aggregated \$4.17 billion, up 13% from fiscal 1983 sales of \$3.69 billion. The year just ended is the first in which Pillsbury's annual sales have exceeded \$4 billion. In the 1982 fiscal year, Pillsbury had net income of \$136.3 million on sales of \$3.39 billion.

Pillsbury's earnings before taxes in fiscal 1984 totaled \$303.7 million, up 32% from \$230.2 million in fiscal 1983.

Pillsbury noted that operating profit gains by its business groups ranged from 5% for Consumer Foods and 38% for Restaurants to 111% for Agri-Products.

Net income in the fourth quarter was \$46.7 million, equal to \$1.08 per share on the common stock, off from \$53.5 million, or \$1.23 per share, restated, in the final quarter of fiscal 1983. Pillsbury said the decline was primarily attributable to a more normal tax rate. Sales in the fourth quarter totaled \$1.08 billion, up 9% from \$990.3 million in the 1983 fourth quarter.

Citing the significant increase in operating performance by the Agri-Products group from the previous year's depressed levels, Pillsbury said the greatest improvement was in grain merchandising. At the same time, it said returns remained at unacceptably low levels. While a solid performance was recorded by industrial food, commodity-based businesses in large part continued to be hampered by a weak agricultural environment, Pillsbury said.

Burger King led the Restaurant group with average sales per domestic company unit showing real growth of 13%. Consumer Foods gains for fiscal 1984 were primarily attributable to the strong performance of refrigerated products and the addition of Frigidaire-Dais ice cream.

"Fiscal 1984 was a record year in every sense of the word and we are especially pleased with the growth and strength of our operating earnings," William H. Spoor, chairman said. "While we expect the difficult environment in Agri-Products to continue through the summer months, it is apparent that our corporate strategies are working well and our momentum is continuing into the new fiscal year."

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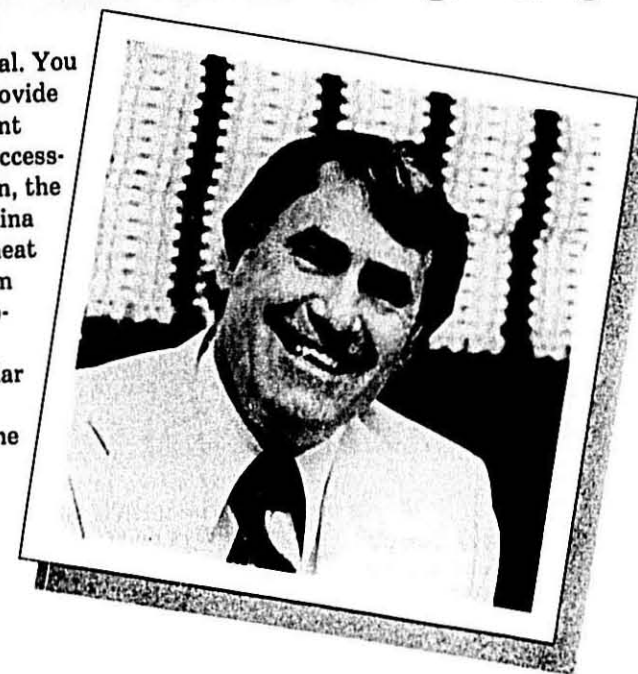
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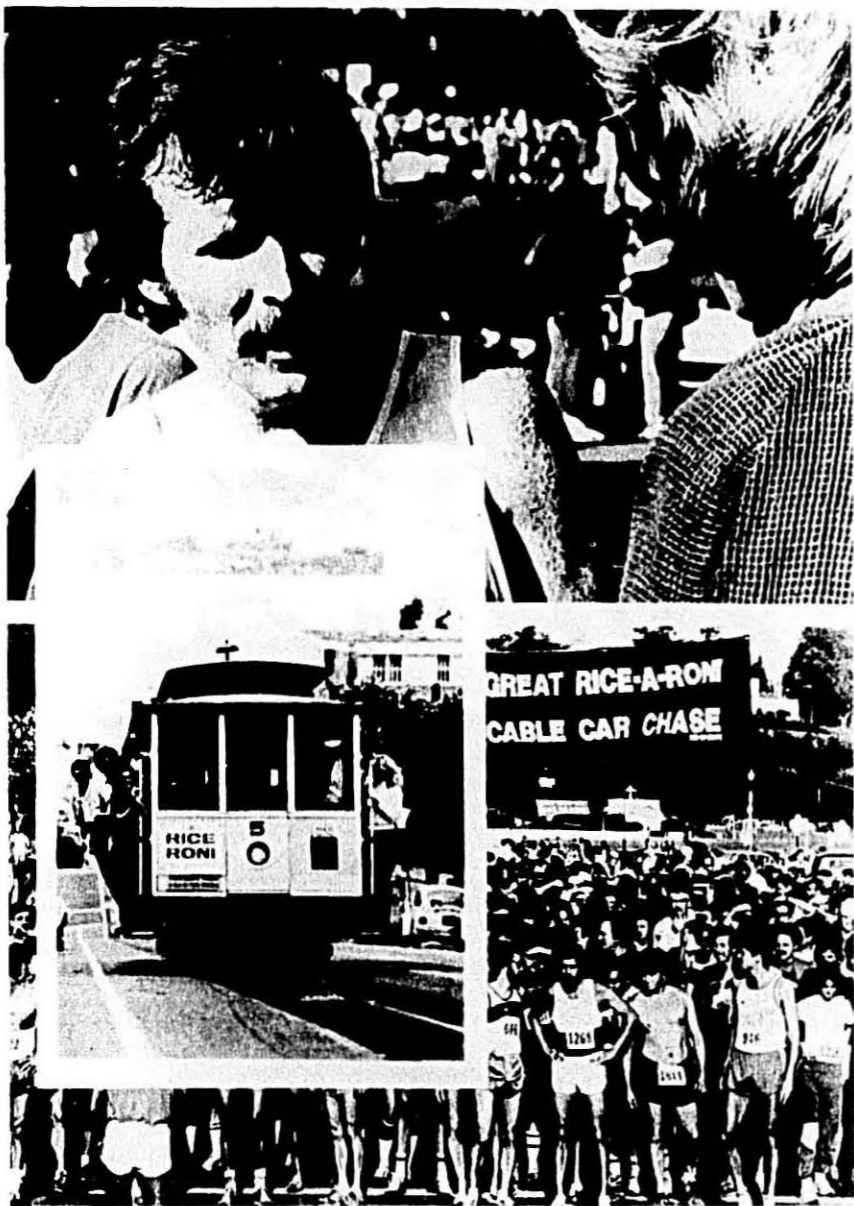
Our customers are very special. You deserve our best efforts to provide you with the kind of consistent quality that assures you a successful product. Without question, the finest durum flour and semolina are produced from durum wheat raised in North Dakota. From quality durum wheat, we produce Durakota No. 1 Semolina, Perfecto Durum Granular and Excello Fancy Durum Patent Flour. You're someone special, and you deserve the best!

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Cable Car Chase

San Francisco's cable cars are back! The cars, closed down the past two years for repairs, were welcomed back into service by the Great Rice-A-Roni Cable Car Chase, a five mile marathon which attracted more than two thousand runners. The commemorative race, sponsored by Rice-A-Roni, followed the course of the new cable car

tracks through the streets of San Francisco past the city's most famous landmarks and neighborhoods.

Participants in the Great Rice-A-Roni Cable Car Chase included runners and joggers of all ages, group teams, father and son combos, married couples, family foursomes and one fellow who ran backwards. Winner of the big event was Bob Murphy, seen above being interviewed by a TV reporter.

Murphy, an entrant from Alaska, ran the five mile course in 25.5 minutes. Oldest contestant was 78 year old Bernard Dathe who says he keeps fit by eating a lot of Rice-A-Roni. He finished the up and down hill course in 44 minutes flat. Race proceeds, totaling \$4,500.00 were donated by Golden Grain, makers of Rice-A-Roni, to the Epilepsy Society of San Francisco.

Excitement for the recent two year hiatus for repairs, San Francisco's cable cars have been climbing up and down the city's hills since 1872. They are the only vehicles of their kind—and a San Francisco tradition.

Another San Francisco tradition, the only one of its kind, is Rice-A-Roni. San Francisco cable cars and Rice-A-Roni are inseparable. For years the bells on these cable cars have rung out loud and clear for Rice-A-Roni on the nation's television screens. This year they are ringing out louder than ever.

Carrying a Torch for Lawry's

Like an athlete who has just captured first place, Lawry's Foods co-worker Frank Toy made fists and raised his arms in victory the moment he won the right to represent the company in the 1984 Olympic Torch Relay.

"I was elated. I felt like saying, 'I'm the one—you don't even have to bother to choose an alternate. If I have to, I'll be there on crutches or in a wheelchair. Nothing's going to stop me doing this, absolutely nothing!'"

Toy carried the torch for Lawry's on Saturday, July 21, just one week before the opening ceremonies at the Los Angeles Coliseum. The Los Angeles Olympic Organizing Committee Torch Relay Foundation has informed Toy that his kilometer was to be in the Santa Monica to Canoga Park area. His friends, family and co-workers lined the route and cheered him on in his moment in history.

Olympic fever struck early at Lawry's beginning with a spirited kick-off parade in the Lawry's California Center gardens. Toy, along with many other co-workers, contributed \$5 to the U.S. Olympic Team to enter his name in the Torch Relay drawing. Each co-worker contribution was matched with an equal amount from Lawry's which had already donated \$3,000 for the kilometer to help the LAOC raise \$30 million for youth sports programs.

To prepare for the Torch Relay, Toy works out at an Eagle Rock gym three days a week and cycles as often as he can. Ironically, he cannot run on asphalt on a regular basis due to an ankle injury he received while skiing at Mt. Waterman, which kept him out of the Chinatown Chinese New Year 10-kilometer Race.

Toy is a first-generation American, born to Chinese parents in Los Angeles' French Hospital, located in Chinatown. He grew up in Central Los Angeles and graduated from Belmont High School. He received his bachelor's degree in finance from California State University, Los Angeles, where he is currently pursuing a certificate in business information systems. Before joining Lawry's three years ago as a cost accountant, he held the same position at the General Can Company, City of Industry. He is a resident of Monterey Park.

Lawry's Foods, the Los Angeles-based manufacturer of over 110 blended seasonings, dressings, sauces and related food products, is a member of the Thomas J. Lipton family of companies.

Lawry's is located at 570 West Avenue 26 in Los Angeles. The 15-acre garden complex includes the company's major Western manufacturing plant, a variety of outdoor dining areas, plus gift and wine shops, all set in a peaceful garden oasis in the midst of Los Angeles.

Ideal Macaroni Sales Manager

Mr. Pat Ippolito, president of Ideal Macaroni Company announced the appointment of Mr. Sandy Aprile as their sales manager, replacing Mr. Dominic Scinaldi who took an early retirement to Florida.

Mr. Aprile was regional manager, and will now be in charge of the sales staff, and introduce promotions and sales deals to the retailers. Mr. Aprile has been with the company for 16 years and served in many capacities. He and his wife "Babes" live in Mayfield Heights, Ohio and have 4 children.

Another appointment made by Mr. Ippolito is that of Jill L. Rice. She will be in sales, and service most of the retailers in the greater Akron area. She graduates from the University of Akron with a BS degree, majoring in marketing and sales. She was voted in 1980 as the Outstanding Woman on Campus, president of the Gymnastic Club, Buchtelite Feature Writer and MCSA State Champion. Previously she was employed by Union-Carbide Corp., Glad Products Division. She was merchandising Glad products, ordering merchandise, setting-up displays, pre-

sented promotions and selling to retail outlets in a 4-county area of marketing.

Mr. Ippolito said "our aim is to expand our territorial coverage with added promotions and service."

Chesebrough-Pond's Sales Up

Chesebrough-Pond's Inc. sales for the second quarter of 1984 increased by 11.1 per cent over 1983's second quarter to a record level, Ralph E. Ward, Chesebrough's chairman and president, announced. In line with the company's expectations, net income for the second quarter was 4.7 per cent lower than the year-earlier quarter, he added, due to higher production costs in some divisions, higher interest expense and increased marketing investment. The company continues to expect a sales increase of 10 to 15 per cent and a net income increase of 5 to 10 per cent for the year.

Chesebrough's consolidated worldwide sales for the second quarter rose to \$432,945,000 compared with \$389,713,000 for the second quarter of 1983. Second-quarter net income was \$23,312,000 or 65 cents per share compared with \$24,462,000 or 68 cents per share in the year-earlier quarter.

Packaged Foods Division

Divisional sales benefited from the continued popularity of *Ragu* spaghetti sauces among consumers. *Ragu* Chunky Gardenstyle spaghetti sauce, introduced in the Fall of 1983, has been one of the most successful grocery products launched in the United States in the past decade, and has been responsible for increasing the *Ragu* brand's market share in this growing category to over 53 per cent. Also during the quarter, the division continued developmental work on new products, which provide an important potential source of future growth.

Durum Disappearance

Durum disappearance in 1983-84 was 107,596,000 bu., down 7% from 115,870,000 bu. in 1982-83. In 1981-22, the year of record wheat disappearance, durum usage was 136,994,000 bu. Disappearance was 109,488,000 bu. in 1980-81, and 131,412,000 bu. in 1979-80.

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Seafood Restaurant Nets Good Catch with Spaghetti O's

Parents headed to the New Hampshire lake country have discovered a restaurant oasis awaiting them in Gifford. Near the shores of Lake Winnepeaukee, The Cherry Stone offers shrimp, scrod and oysters to please adults and Franco-American Spaghetti O's for discerning youngsters.

According to owners, Jim and Rita O'Brian, their new "Parent's Special" is netting "fantastic results." Their Mother's Day tally noted 32 children ordered Franco-American Spaghetti or Spaghetti O's while their parents invariably preferred fresh lobster.

Joseph R. Cross Dead

NPA Board member, Joseph R. Cross, Vice President Marketing Services, Best Foods U.S., representing the C. F. Mueller Company, collapsed and died in his office of a heart attack Monday, July 23. Mr. Cross joined the Board at the winter convention and was just appointed as Chairman of the Government Affairs Council at the recent summer convention.

"It is with sincere regret that we must notify the members and friends of the National Pasta Association of the untimely death of our colleague and friend, Joe Cross. In a short time, Joe had become a valuable member of our Board and his counsel will be sorely missed. On behalf of the members, Board and Officers, we extend our deepest sympathy to Mrs. Jean Cross and the children," said Tony Giola, Chairman of the Board.

Memorials in honor of Joe can be made to the American Heart Association, Northwest New Jersey Chapter, 669 Littleton Road, Parsippany, New Jersey 07054.

Multifoods Restructures

International Multifoods Corp. in the current fiscal year "will accelerate growth from our domestic businesses and restructure our business mix for long-term growth," Andre Gillet, president and chief executive officer, told the annual shareholders meeting June 22.

The primary objective of Multifoods, Mr. Gillet said, "is to set the stage for a return to earnings growth during fiscal 1986."

Mr. Gillet said that in the first quarter of fiscal 1984, ended May 31, Multifoods posted earnings of \$207,000, equal to 2¢ per share on the common stock, off sharply from \$4,973,000, or 61¢ per share, in the first quarter of fiscal 1983. Net sales in the quarter aggregated \$245,877,000, up from \$243,620,000 in the first quarter of 1983.

Unit volume, Mr. Gillet said, rose more than 3% in the first quarter. The principal factor causing operating declines in the Consumer, Industrial and Agriculture market segments, he said, was devaluation of the Venezuelan bolivar. Despite continued volume growth, earnings from Venezuelan operations declined 56¢ per share from the first quarter of fiscal 1983.

Fritz Mondale's Favorite Things

Name: Walter Frederick Mondale
Height: Five feet eleven inches
Weight: 160 pounds
Born: January 5, 1928, in Ceylon, Minnesota

Parents: Theodore Sigvaard and Claribel Cowan Mondale. His father was a Methodist minister; his mother, a music teacher

Religion: Presbyterian

Wife: Joan Adams Mondale

Children: William, Eleanor Jane, and Theodore

Daily Schedule: Early to bed, early to rise

Hobbies: Fishing, reading Shakespeare, reading historical accounts, barbecuing, skiing, playing tennis

Home: Cleveland Park

Heroes: Hubert H. Humphrey, Anwar Sadat, Barbara Tuchman, Martin Luther King, Jr., Golda Meir, and Pope John XXIII

Childhood ambition: to be pilot

Greatest influence: Mother and Dad

Favorite indulgence: Fishing

Favorite vice: Fishing

Favorite way to relax: Fishing, skiing, playing tennis, reading

Greatest fear: Not to go fishing

Favorite dinner: Pasta

Favorite snack: Hot dogs

Favorite book: Hard to say, but one of his favorites is a biography of Garibaldi by Trevelyan

Favorite subject: History

Favorite actor: Paul Newman

Favorite actress: Sally Field

Favorite movies: "The Sting", "The Guns of Navarone"

Favorite joke: Has a great sense of humor, but can't narrow it down to one joke

Worst mistake: Can't remember

Most important event in his life: His marriage to Joan

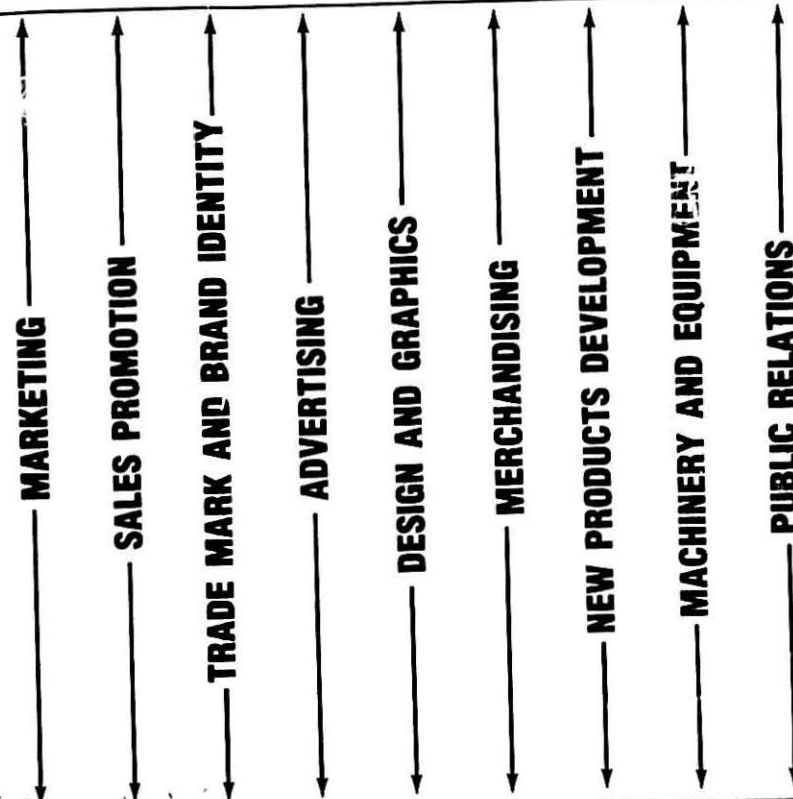
Best memory: Speech to the UN Conference in Geneva

Favorite quotation: By Franklin Roosevelt: "Governments can err. Presidents do make mistakes, but the immortal Dante tells us that divine justice weighs the sins of the cold-blooded and the sins of the warm-hearted in different scales. Better the occasional faults of a government that lives in a spirit of charity than the consistent omissions of a government frozen in the ice of its own indifference."

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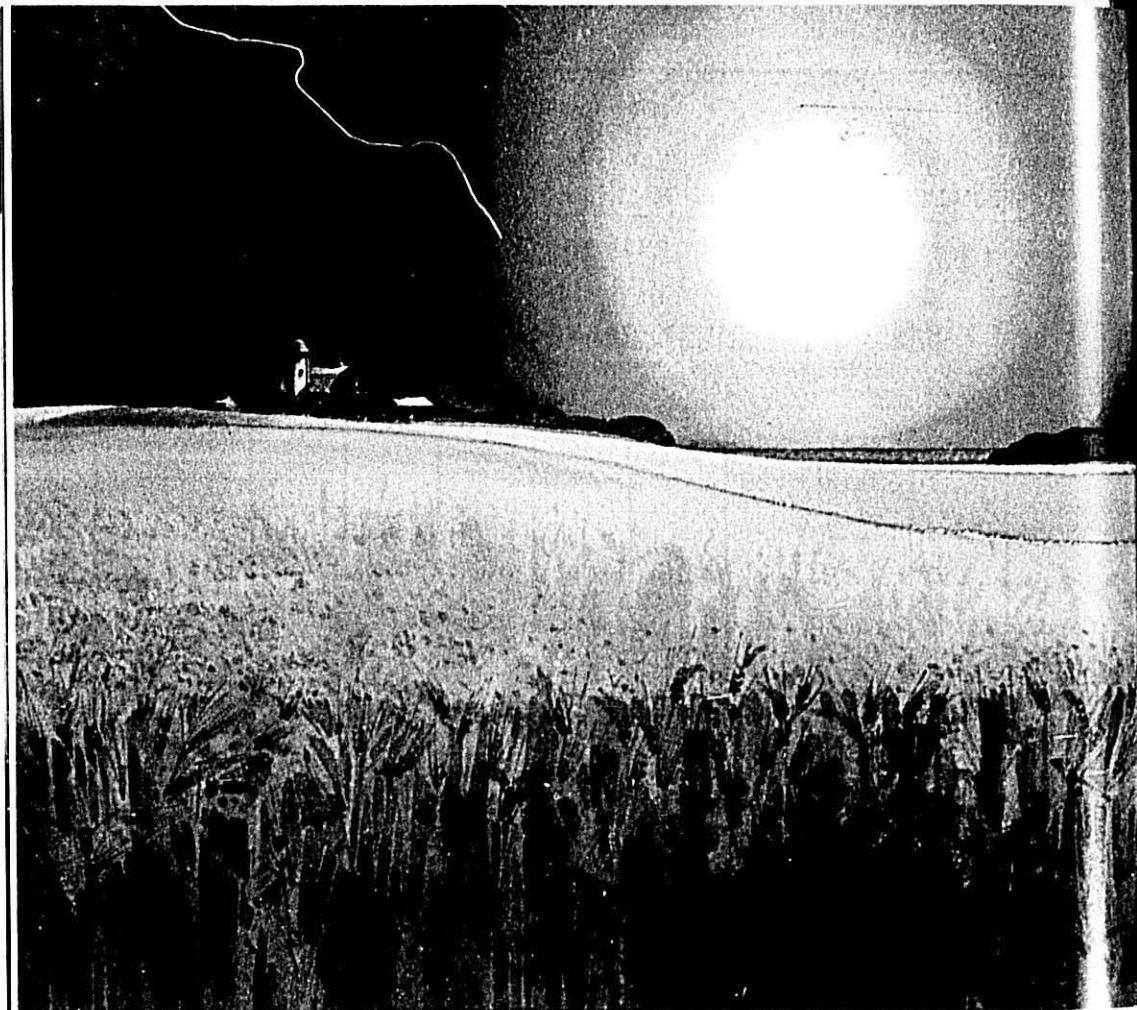
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