

cial commissions or other groups in collecting data. For example, early last year, the Bureau made a special study for the National Commission on Food Marketing and the Office of Economic Opportunity, comparing prices charged by stores located in low-income neighborhoods of six large cities with those charged by stores located in higher income neighborhoods. The purpose was to answer the question whether the poor pay more for important consumer items.

I have the full study here.

In my statement I summarize it very briefly.

The poor paid more for food. This is because they more often bought their groceries in small independent stores where prices were usually higher than in large independent or chain stores. However, there were no significant differences in prices for the same type of store, whether located in low income or higher income neighborhoods. Thus, price differences for the same quality goods appeared to be associated with the size of store in which purchases were made rather than with differences in the geographic location of the stores. Another factor brought out by the study was that the poor were more likely to purchase certain items in smaller sizes, which made the unit cost higher.

In other words, a 1-pound bag of sugar or flour generally costs more per pound than a 25-pound bag, and the poor generally buy the smaller sizes.

It was also observed that in general the condition of goods available in stores in low income areas was inferior to that in stores in higher income areas. The stores in low income neighborhoods tended to be less orderly and clean, and the meats and produce did not appear as fresh.

With respect to other consumer items, the study showed that the prices for such appliances as washing machines and television sets were higher in the neighborhood stores in the low income sections of the cities. On the other hand, the poor paid less for such services as drycleaning, shoe repairs, and haircuts, if they patronized neighborhood establishments.

I might say we weren't able in the study to go into the impact of credit arrangements upon the total price paid by the poor, but if we had, I am sure the credit arrangements often used by poor people would produce a greater differential than our study showed, in the case of durable consumer goods such as washing machines, television sets, jewelry, and so on.

Mr. ROSENTHAL. So your study didn't take into account the final net cost to the consumer because in most of those cases he was carrying credit charges.

Mr. ROSS. We studied the prices rather than the price plus the interest.

Mr. ROSENTHAL. In those low-income areas that is often a rather fictitious price.

Mr. ROSS. Well, it is the price and the study was made in a sense in the same way as we collect data for the Consumer Price Index. That is, by ascertaining the price for goods meeting certain specifications. We weren't equipped or financed in this study to actually do it on a consumer-by-consumer basis, find out which consumers paid cash, which paid credit, what credit arrangements they used, and so on.