

ments that managers have here, he will know that; he has been to these stores.

Mr. VAN GEMERT. So am I familiar.

Mr. ROSENTHAL. It is his responsibility to direct prices and practices in these stores, is it not?

Mr. VAN GEMERT. Mr. Magowan is the chairman of our company.

Mr. ROSENTHAL. I mean Mr. Winstead.

Mr. VAN GEMERT. I was referring to Mr. Magowan, the chairman of our company.

Mr. ROSENTHAL. Mr. Winstead is the division manager for Washington?

Mr. VAN GEMERT. Yes. I agree with you.

Mr. ROSENTHAL. He has considerably more personal knowledge than you do.

Mr. VAN GEMERT. Of course.

Mr. ROSENTHAL. As to the practices observed on his visits to the stores.

Mr. VAN GEMERT. Yes, of course. Certainly.

Mr. ROSENTHAL. Why do we not do that if it is all right with the members of the subcommittee. And we will then hear Commissioner Ross. And at 2 o'clock you bring him with you. It is your responsibility. The burden has shifted—you bring anybody that you think is helpful to your case.

Mr. VAN GEMERT. We appreciate that.

(The complete prepared statement of Safeway Stores, Inc., follows:)

STATEMENT ON BEHALF OF SAFEWAY STORES, INC., BY ROBERT J. VAN GEMERT,
ASSISTANT SECRETARY AND ASSISTANT GENERAL COUNSEL

Chairman Rosenthal and Representatives, there is no truth to the accusation that Safeway charges the poor higher prices, or that Safeway raises prices in its poverty area stores at the time welfare checks are issued.

It is now, and always has been, Safeway's policy and practice to have uniform prices at all times in all Safeway supermarkets within a pricing area. The sole exceptions are price reductions to move overstocks of perishable merchandise, and in infrequent localized competitive situations. All Safeway supermarkets in the entire Washington, D.C., metropolitan area are included in the same Safeway pricing area. We do not distinguish between poverty neighborhood and other stores within a pricing area.

Safeway's prices are established by merchandising managers at the central division office and are set forth in price books furnished each store.

All Safeway stores in the greater Metropolitan Washington, D.C., area are furnished the identical price book. The "book" prices are identical for each and every one of the more than 150 Safeway supermarkets in that area, including the 40 or more stores serving what might be viewed as poverty areas.

The Safeway store managers have no authority at any time to sell any item at a price higher than the book price. Any store manager attempting to sell "over book" would be detected in short order, and subjected to severe discipline, including termination.

In view of our policy of selling at uniform book prices within each pricing area, we were shocked when, late Monday morning, October 2, 1967, Basil Winstead, manager of our Washington, D.C., retail division, received a letter accusing Safeway of raising prices in its poverty area stores at the time welfare checks are issued. The letter enclosed price tabulations purporting to document that accusation.

According to this material the "survey" claimed to have found Safeway's September 1, 1967, prices on 10 items in three stores described as serving welfare clients, as follows—compared with Safeway's actual book prices on that date: