

I have with me Mr. Arnold Chase, Assistant Commissioner for Prices and Living Conditions.

The general program of the BLS, of course, is set by the legislation and appropriations which we receive from the Congress.

In the field of prices the general purpose is to establish monthly price indexes for about 400 goods and services at retail and about 2,300 at wholesale. It is not a part of our program to scrutinize the behavior of individual sellers and, in fact, the information that we receive from individual establishments is received under a pledge of confidence, so that the general price index program of the Bureau is not designed to throw light on the kinds of questions which you have before you.

Mr. ROSENTHAL. Has your Bureau addressed itself to whether or not the poor pay more?

Mr. ROSS. Yes.

Mr. ROSENTHAL. Under what circumstances, and what did you find?

Mr. ROSS. Last year we made a special study at the request of, and with the financial support of, the National Commission on Food Marketing and the Office of Economic Opportunity on the question of whether the poor do pay more in low-income areas. We conducted this study in Atlanta, Ga.; Chicago, Ill.; Houston, Tex.; Los Angeles, Calif.; New York, N.Y.; and Washington, D.C.

Our study of food prices was made during the week of February 21 to February 25 of 1966. We made a study of the prices of 18 foods, including flour, bread, steak, ground beef, pork chops, bacon, chicken, fresh milk, evaporated milk, margarine, eggs, grapefruit, lettuce, potatoes, canned peas, sugar, coffee, and a cola drink and these were done, as usual, with precise specifications to make sure that we priced the same thing in every store.

Within each of these six cities we selected a sample of 15 stores in the higher-income area and 15 stores in the lower-income area. These were selected to represent the chainstores, large independent stores, and small independent stores.

Mr. ROSENTHAL. Someone said here today, Commissioner, that your agents notified the chainstore manager or the store operator before they came in. Is that true?

Mr. ROSS. Yes, sir.

Mr. ROSENTHAL. They did do it?

Mr. ROSS. Yes. They were aware that the price agent would be there. They were not told, however, when the visit would be made.

Mr. ROSENTHAL. Were they told that it would be within a week or so?

Mr. ROSS. They knew that they would be visited during the week of February 21 to February 25.

Mr. ROSENTHAL. In your judgment does that in some way invalidate the surprise factor and thereby invalidate the survey?

Mr. ROSS. Well, I would say, obviously, that they were not surprised when the agent showed up. I have no evidence as to whether the prices were affected by their knowledge that the agent would be there.

Mr. ROSENTHAL. But they could have been.

Mr. ROSS. Certainly it is correct.

Mr. MYERS. If I may.

Mr. ROSENTHAL. Yes.