The high cost of insurance is a serious problem, not just for the business in the poor neighborhood, but for the consumer—the homeowner, the automobile owner—as well. But for the business it can often be prohibitive, or not available at all. For example, take the case of a certain Los Angeles businessman. For several years he has wanted to go into the cosmetics business and build a warehouse in the Watts area of Los Angeles. He is the west coast representative for two large cosmetics firms. He is prepared to hire and train up to 50 local Watts residents. But he cannot buy insurance to insure inventory which would be stored in the warehouse.

These problems are real. But unfortunately, some of them have grown out of, and fed upon, mutual attitudes of distrust and lack of confidence between some local businesses and the residents of poor neighborhoods. And some of these attitudes have been due to unconscionable business practices by businesses of every kind. It is no accident that five markets of one chain in Watts were burned down in 1965, while three ABC markets in the riot area did not suffer even a broken window.

Mr. ROSENTHAL. Who operates the ABC markets?

Mr. BOZMAN. That is a local firm. I hope that by next week we will have for submission in the record a copy of a consumer survey that was made in the Watts riot area shortly after the Watts riot of 1965. An OEO staff member has spoken to persons involved in that survey who have stated that it, too, indicates price discrimination on food and other products against the low-income neighborhoods. Poor food quality was also a recurring complaint. Another is that in certain supermarkets in the Watts area, some residents stated they have never found the advertised special in stock and available and that they never received a substitute value or a so-called raincheck—until on a few occasions one patron complained personally to the management. Residents questioned also pointed out that to their knowledge not one supermarket in the Watts area has ever had an express checkout line, as do all the stores in the more affluent neighborhoods. These are, I realize, but indications of the kinds of problems facing the low-income consumer. We need much more and better information. We will work hard to get it. In the meantime, we do know enough about these problems to have undertaken a comprehensive attack on them.

THE PROGRAMS WE PROPOSE

OEO is proceeding with a program of consumer action which will attack these problems in ways which will develop lasting solutions. This means involvement of the poor people themselves in the building of institutions based on the principle of self-help. It also means involvement of the private sector, for public tax dollars alone cannot do the job. It means imaginative use of OEO funds to attract private investment which can bring the benefits of the affluent society to the ghetto marketplace. Finally, it means taking a close look at the needs of poor consumers—working with them to define and articulate these needs more precisely—and working for changes in the laws which govern the relationships between seller and buyer, borrower and lender, so that those being exploited will be provided the protection