

Dr. COSTELLO. No. They are distributed at biweekly intervals. The 15th of the month and the first of the month.

Mr. ROSENTHAL. But I think you told us that when you made the check you made it only July 1, so you didn't cover the 15th period.

Dr. COSTELLO. That's right. Yes. And I emphasized also that this was a single attempt to test this statement. It indicated that further studies very definitely are needed on this, because there could be nothing more contemptible than a systematic adjustment in prices after welfare checks or regular paychecks are distributed in the neighborhood.

Mr. REID. Or indeed a failure to mark down a can when in fact it is so advertised, would be equally contemptible.

Dr. COSTELLO. That's right.

Mr. ERLÉNORN. Might I ask, the one check you did make does not provide evidence of a systematic attempt to raise prices at the time the checks go out. The one check couldn't possibly do that, could it?

Dr. COSTELLO. It does not.

Mr. ERLÉNORN. So all this does indicate to you is that further investigation is necessary?

Dr. COSTELLO. Well, it's disturbing to find it existed in the single case and it certainly does indicate that further investigation is needed, and while I'm talking to a group of Congressmen, I wonder if I might call to your attention that perhaps Federal legislation providing funds for systematic testing of these statements should be made to some of the larger cities. We feel we could make excellent use of a research team that would go out quietly, without fanfare, without informing merchants in advance, to test some of these things.

We think for one thing, knowing about this might provide the basis for legislation and ultimately doing it would cause merchants to become concerned about it and perhaps stop them from doing it.

I wonder, might I proceed with my prepared statement?

Mr. GALLAGHER. May I ask one question before you proceed? The welfare checks go out twice a month?

Dr. COSTELLO. Yes. The 15th and the 1st.

Mr. GALLAGHER. What is the influx of money into the consumer market on those days? What is the amount of money that goes out on welfare checks, say on the 1st and 15th?

Dr. COSTELLO. In New York City? Let me report the figure I know and check with Mr. Stern who may have a more precise figure. Our welfare budget on an annual basis, as I recall, it is some \$600 million. Not all of this is available of course for consumer purchases by welfare clients. Let's agree that it's a substantial sum of money and it would be having a major impact on the consumer industry, the food industry, in the city of New York.

Mr. GALLAGHER. Approximately \$600 million a year?

Dr. COSTELLO. That is the total budget, yes. As I recall it.

Mr. GALLAGHER. Figure that one-third of that is normally——

Dr. COSTELLO. Right. It would be \$400 million perhaps that would go directly into the hands of the clients.

Mr. GALLAGHER. All right.

Dr. COSTELLO. Going back to the report, now, I mentioned originally, this report does not mean that pricing variations do not exist, or that they are defensible. It does mean that we found no general pattern of