

major chains consistently charging higher prices in ghetto areas. There is a substantial variation, ranging from 15 to 30 percent, on food prices from store to store in both rich and poor areas. The careful shopper can save substantial sums on her food bill by watching prices, comparing values, and looking for specials. The nature of our free economy provides for price variations, and with the limited choice available to ghetto shoppers, they are least able to benefit and most likely to suffer from these variations.

Our talks with food industry people have confirmed their reluctance to make substantial investments in poverty areas. The argument has been raised that costs of doing business are higher in the ghetto. Storemen point to such costs as pilferage and theft, insurance rates, delivery difficulties, labor problems, danger of riots, low spending levels of the population and the hazards of urban renewal to justify their avoidance of ghetto sites. In fact, supermarkets have closed down and left Harlem, and other chains maintain obsolete, small units rather than expanding them.

The industry feels responsible to its stockholders to invest in the most profitable markets, and more money can be made in Harrison or Hartsdale than in Harlem. My point is that business has a responsibility to the community, to all the people, not just to the affluent. If the people of the South Bronx cannot buy good food at fair prices, that will some day soon affect the digestion of the people of South Orange, and some day later will be felt as far as Southampton.

Mr. ROSENTHAL. Mayor Lindsay is chairman of the urban coalition that is attempting to coax private enterprise and business into helping improve society. Have they concerned themselves with this problem?

Dr. COSTELLO. They have indeed, and we have been meeting with a small delegation of progressive supermarket owners together with representatives of the meatcutters union to see if we can't obtain the credit and provide the management know-how to increase the number of supermarkets in ghetto areas. I'll talk about that a little bit later in my testimony. But our goal is to establish a larger number of supermarkets employing local talent not only at the checkout counters but at the managerial counters as well, so we can meet this problem of higher food costs.

Mr. ROSENTHAL. Have you gone to the big chains, A. & P., Safeway, the people that have enormous financial resources, to try and get them to cooperate?

Dr. COSTELLO. We have regularly been meeting with representatives of the largest chains, as I pointed out, and have had particular appeal to the more progressive leaders of those chains who are right now attempting, in line with the New York coalition, to provide the capital to increase the number of supermarkets in our ghetto areas.

Mr. REID. Have you done the same thing with cooperative food stores, co-op concept?

Dr. COSTELLO. I would not want to take responsibility for either initiating or doing anything directly with that. Through our radio programs, we have, of course, been supporting the cooperative food buying and furniture buying effort in the city of New York. We have attempted to identify cooperative markets where ghetto residents might purchase food on a cooperative basis at lower costs, and indeed, purchase furniture on a cooperative basis at a lower cost.