

Mr. MANDELL. Yes. You are referring to—you are referring to as to the blighted area?

Mr. ROSENTHAL. Any economic level.

Mr. MANDELL. Not necessarily. No. The Key Food Stores are, I would say, about 60 to 70 percent of the stores are primarily in Jewish neighborhoods, and we have a certain amount of the Bedford-Stuyvesant area, and the rest are out in Queens. If I may, Congressman, to give—as I said, I trade in groceries. I don't trade in speeches. This comes hard to me.

I have no notes or prepared speech. But, as a grocer, I think what I have heard here, I mean it seems that everybody is trying to simplify a very complex subject that would take maybe months and months just to explain it.

I heard gentlemen get up and imply that they have all the answers. The truth of the matter is, we have a situation in New York City where companies—of course, in our business there isn't too much margin for error, as I hear the gentlemen from the A. & P. say, that is the largest operator, and I am not here to blow their horn, and they are operating close to 1 percent, so you can see there is no margin for error.

Mr. ROSENTHAL. One percent on \$5 billion a year.

Mr. MANDELL. That is true. [Laughter.]

But I wonder how many people realize. We have experienced—when we ask a checker when they ring up a \$20 order, lots of times we say, how much you think we make on it? And they will say, \$2 or \$3. One percent of \$20 is only 20 cents, whether it's \$5 billion or \$10 billion.

So we still don't have too much margin, because all our overhead and problems have to be within that 1 percent.

Mr. ROSENTHAL. I don't want to go too far afield, but you don't base your profit on percent of sales. You base it on your investment, percentage of investment. The food industry is doing very well, based on percentage of investment.

Mr. MANDELL. I don't know about very well, because we have a situation here with the largest local chains losing money, such as we have a situation when Safeway came into New York, and it's the second largest, and they had to pull out, because they couldn't make it pay. I don't know if I am correct in mentioning names, but these are public figures.

Mohawk, \$200 million business, is losing money. Hills Corvette is losing money. It's not as simple as we try to make it out. When somebody comes up with all the answers—I sympathize with the customers and with the people. I can understand them not understanding the problem, because the biggest minds in the industry sometimes don't understand it.

Mr. ROSENTHAL. We have a very narrow problem, and I want to direct both of us to it. Without letting the record go unchallenged, the fact is that the latest figures we have, 1966-67, show that retail food-chains are making about 11.55 percent on its investment after taxes. Are you doing that in Corona?

Mr. MANDELL. Again, I want to—I don't think consumers understand the 10-percent investment between 1 percent on gross, because when somebody says 10 percent on investment, they are under the im-