

Mr. BAUM. Mr. Chairman, for the record, I'd like to enter our definition of food organization and food chain.

For the purposes of our study, organization, a food organization is defined as any group of stores enjoying the prerogative of common purchasing from a mutual wholesale market and benefiting from the coverage of pooled advertising efforts.

A retail food chain is defined as a group of retail outlets which engage in purchasing foods from a corporation-owned wholesale market, received benefits of corporation supported advertising, and, here, the distinguishing feature, abide by a set maximum price for each item in each store.

Mr. Nadler and I held our round of talks with store representatives of A-G, Kroger, IGA, National and A. & P. from November 8 to November 21. We were received with widely-varying degrees of cooperation and willingness.

We asked each of the representatives for reasons justifying the differences in prices between poverty and nonpoverty area stores. For the most part, price differences were attributed by the personnel interviewed to error of the store employees in marking food, or in the case of the independents, the individual right of store owners to charge any price they wished if their store was not a member of a regulated chain.

Mr. Conreaux of the A-G food independent organization told us he was a wholesaler with no control whatever over the prices the A-G stores charged. However, after we questioned him somewhat, he mentioned a price guide service which the A-G organization gives to member stores to guide them in setting their prices.

Mr. ROSENTHAL. If they choose to violate that price guide, they aren't bound by it, are they?

Mr. BAUM. That's what I understand.

Mr. ROSENTHAL. How about the Kroger people, did they tell you they had a book price that every manager was required not to price over?

Mr. BAUM. Yes, sir. The A-G service consisted of employees shopping other competitors' stores for comparable items. The competitors' prices were analyzed and sent to A-G stores for their voluntary use, Mr. Conreaux told us.

At our November 8 meeting with Mr. Conreaux, Mr. Nadler and I asked for a sample of any part of this price guide service but we were not allowed to see any old lists or even examine the blank format for the A-G suggested price service. At our meeting Mr. Conreaux mentioned a weekly price bulletin of wholesale prices, but he refused again to allow us to see even an outdated bulletin.

Mr. ROSENTHAL. At any rate, without going into all that detail, did he acknowledge that he had no control over the prices individual A-G stores sold at?

Mr. BAUM. Yes, he did.

Mr. ROSENTHAL. That's a matter we'll take up with them directly.

What about Kroger, what did they tell you?

Mr. BAUM. Kroger, the meeting with Kroger was the least satisfactory as far as getting information from them was concerned. We met with a Walter White, manager of operations, and Mr. Stern, vice president. We offered our report for their examination, and they could find