

enough to check. There were about 8,000 items in there, and I raised the question hoping to get a response from them and I didn't have time to do any checking in terms of what items were checked and what weren't. There appeared to be a list of varying prices.

Since that time we also got a price book from IGA, and they also had markings, different kinds of markings in their prices, this was an old book. Those we did run a sample on to see what kinds of items were checked and what the three different marks represented, if anything. We were not able to figure out what they represented. They were by many different items, and I suspect that it may have been the same for, there may have been varying numbers for Krogers also.

Mr. BAUM. Mr. White of Kroger told us that if we were looking for different price zones, this is not what the asterisks represented.

Mr. ROSENTHAL. Did he deny that they had different price zones?

Mr. BAUM. Yes, within St. Louis. According to Mr. White, there was one price and one quality zone in the Kroger chain.

We were told that the policy of Kroger is for their store managers to check this weekly list of book prices. Mr. Stern stated that it just didn't make sense to him that there would be as many different prices as we found in the different stores. Mr. Stern said that although it might be hard for us to understand, in an operation of Kroger's vast size, it was never possible to get 100 percent perfection in pricing matters, and he reminded us that the established price structure is the same for the entire St. Louis Kroger district.

One of the interesting points in our discussion was about two stores which had the same prices. The two stores, one of which was a newly opened store, and one of which was a well-established store, should have, according to Kroger policy, different prices because of the promotional sales in the newer stores we were told, but Harry and I found that each item had the same price in these two stores and we were told again by Mr. Stern that if the prices were the same, this too would be due to error of store personnel in marking items.

Neither Mr. Stern nor Mr. White attributed the higher prices in the poverty area stores to higher operating costs. Kroger insures their stores against theft, we were told, but Mr. Stern did not even know, direct quote, what the insurance rates were when we were there.

Mr. ROSENTHAL. He didn't tell you they were self-insured?

Mr. BAUM. That's right, they said they were self-insured.

Mr. NADLER. They did.

Mr. BAUM. Again and again they told us that the major reason or the only reason for the food price differences would be due to store personnel marking error. There would be no intentional price differences ever within poverty and nonpoverty area stores.

The other meetings that we had with the representatives of the various chains and organizations can be summarized quickly by saying that in no case were the higher prices in poverty areas allocated totally to higher cost in the poverty areas, because the operating costs are balanced within the chains. The insurance rates are the same, they are covered by a company-written policy—

Mr. ROSENTHAL. Now you are getting into a field that you are really not qualified to discuss.

Mr. BAUM. I can echo their answers to our questions though.

Mr. ROSENTHAL. Is this what they told you?