is absolutely no intershipping of older or less quality food from one store to another. However, he stated that the quality of foods found in A. & P. stores could vary because of the marketing skill and public concern and general qualifications of the store manager. A. & P. does not set limits as to how long a store manager may offer perishable goods for sale. A. & P., we were told, has little or no food quality audit. Mr. Engstrom could see no real difference in the operating costs of inner city and outlying area stores because labor costs are covered by the same unions, insurance costs are the same because of a chain-sponsored coverage plan, and efficiency of city stores was improved by remodeling programs. I asked Mr. Engstrom if there would be any possibility at all of establishing a special poverty-area-store person to check prices and quality. He stated he had "no feeling at all on this question." I asked him why the average prices for nationally advertised brands are higher in the A. & P. stores when placed in competition with A. & P. company brands. He "did not know what to tell us about this situation."

Mr. Nadler and I met with Mr. O'Neill of the National food chain on the morning of November 21. We were told that National operates a one-price and one-quality district for 33 stores in the metropolitan area, of which 10 or 12 are in the city. National store maximum prices are set each Friday morning to be effective the following Monday in all stores. The compliance is audited by a special team of National personnel. According to Mr. O'Neill, there is absolutely no movement of food from one National store to another, there are never higher prices on days following issuance of welfare checks and all lower quality food is thrown away and never sent to any other store for resale. Mr. O'Neill noted that operating costs would be about the same in poverty-area stores and county stores. Labor costs may be higher because people buy in smaller quantities in the city, but this would be balanced by higher maintainence of parking lots in the county. Overall, there would not be "notably higher operating cost problems" due to insurance rates for pilferage and damage because National stores are self-insured. In our discussion with Mr. O'Neill, it became clear to me that National more than any other chain seemed interested in hiring a full-time, poverty-area self-checker for quality and prices of food. In addition, a program of consumer education is of interest to them.

Our discussion with Kroger personnel were the least satisfactory or informative to me. On November 9, Mr. Walter White, manager of operations, and Mr. C. B. Stern, vice president of Kroger, met with Mr. Nadler and me. As in the cases of all HDC store personnel discussions, we offered our full report to them for their full examination. Mr. Stern began the talk by telling us that "Kroger had nothing to hide." He emphasized that "products are definitely not selected when of inferior quality to go specifically to poverty-area stores. The 16 Kroger stores in the city, according to Mr. Stern, are all in one price district. St. Louis is covered by one district manager. Kroger sets, he told us, the highest prices the stores may ask. Mr. Stern stated that "there was absolutely no shipping of merchandise from county areas to city areas," but Mr. White, his manager of operations, corrected him by saying, "In some cases there are times stores overbuy and then the items are transferred to another store."

The pricing practices of Krogers' stores were confusing to me. The produce merchandising department of Kroger uses surveys of competitors' stores, analysis of advertisements, and personal judgment to arrive at Krogers' book price. This "book price" is the highest charge the stores may levy but the stores may lower their prices as they see fit.

At this point in our conversation, Mr. Stern showed us a listing of Kroger book prices for items. Mr. Nadler noted the existence of a different number of asterisks on some of the items on the "book-price list." Mr. Stern and Mr. White used four different explanations for the markings by some of the book-price items: first, we were told that they did not know why the marks were there, then Mr. Stern asked his secretary about the special marks and she told him they were just typographical errors. The third explanation for the specially marked items on the list was that the secretary chose to use the number of asterisks in an arbitrary way, they actually told us that "she just liked to add them in." A fourth explanation, offered was that these marks noted price changes from other book-price lists. A final comment which came from Mr. White was that, "if you are looking for different price zones, that is not what these different numbers of asterisks represent."

We were told that the policy of Kroger is for 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." He