

erately carried out as a part of a sophisticated conspiracy intended to cheat our customers. We simply do not operate our stores in that fashion.

In my judgment, this fact is evident in the report of the Human Development Corp. itself. In listing the prices the HDC teams found on their visits to our stores on October 19 and 20, the report covers prices in two stores located in low-income neighborhoods and prices in five stores in middle- to high-income neighborhoods.

On only three items, out of 29 checked, were the prices in the two low-income neighborhood stores higher than in all five of the middle- and high-income neighborhood stores.

On all other items, the price in at least one of the low-income neighborhood stores was the same as the price in at least one of the stores located in the higher income neighborhoods. And in one instance, the price charged in the low-income neighborhood store was less than in the higher income stores.

Certainly, if the price disparities reported to you today were the result of a deliberate effort to systematically deceive and cheat our customers in stores situated in low-income neighborhoods, there would have been substantially more uniformity in the differences. If we were intent upon cheating our customers in low-income neighborhood stores, then it follows that we would be attempting to do the same thing in other comparable stores.

At this point I'd like to briefly discuss the matter of the quality of the merchandise sold in our stores, which has been questioned by some of those involved in the store visits described for you today.

Our warehouse consists of almost one-half million square feet of storage space. Through it each week move about 11 million pounds of perishable and nonperishable merchandise. It would be impossible for us to selectively single out any inferior merchandise in this rapid and voluminous operation, and send it into the low-income neighborhood stores, even if we wanted to.

But the important thing is this: We don't want to.

Our business is based on repeated patronage. Unless we continue to satisfy our customers, no matter who they are and no matter where they live, they can quickly take their business elsewhere. And to most housewives, nothing is more important to them in selecting the supermarket of their choice than the quality of meats and produce. If they find low-quality goods, they simply shop at another store.

This is why we pay so much attention to meat trim, which is a factor and an important one in the housewife's buying decision. As an example, in our store at Jefferson and Stoddard, listed in the HDC report as serving a low-income neighborhood, our head meatcutter trims off more of the excess fat on certain beef cuts than is called for under our rigid company policy. This is necessary if he is to sell the product while it is fresh, and still be able to maintain adequate variety for our customers. He has to be fussy, because he has customers who are particular about the food items they buy.

Then, too, most of the fruits and vegetables in our produce department are prepackaged. This enables us not only to preserve the freshness and quality of this merchandise, but to date the package on the day it is put on the shelf so that it can be removed when its shelf life has expired. Bulk displays, quite obviously, cannot be dated.