

them more to operate. I am not thinking only of the fact that being small businessmen, they cannot buy in bulk the way chainstores or large department stores can. I also have in mind the fact that these merchants frequently have to pay more for the money they borrow and in particular that they have to pay more for the insurance they need. If I am not mistaken, the insurance companies of America are now facing a crisis concerning insurance in ghetto areas. Even at the much higher rates they charge, they apparently are not finding it profitable to extend insurance to ghetto merchants. There is a need then for new institutional arrangements to meet the needs of the local merchant as well as those of the local consumer. Why, for example, cannot there be some system of pooling insurance and sharing the risk so that the local merchant does not have to pay an exorbitant price for insurance?

In short, I should like to suggest that some thought should be given not only to the exploitative relationship between the local merchant and the poor consumer, but also to the larger set of forces shaping the behavior of both.

Mr. ROSENTHAL. Mr. Berry, we are delighted that you are here and that you had the opportunity to hear Professor Caplovitz. Mr. Berry is director of the community action program of the Office of Economic Opportunity; and I think, sir, that you have a prepared statement?

You may proceed, if you will.

STATEMENT OF THEODORE M. BERRY, DIRECTOR, COMMUNITY ACTION PROGRAM, OFFICE OF ECONOMIC OPPORTUNITY; ACCOMPANIED BY BEN ZIMMERMAN, CHIEF, COMMUNITY SERVICES, COMMUNITY ACTION PROGRAM, OFFICE OF ECONOMIC OPPORTUNITY; AND MILES HOLLISTER, DEPUTY CHIEF, COMMUNITY SERVICES, COMMUNITY ACTION PROGRAM, OFFICE OF ECONOMIC OPPORTUNITY

Mr. BERRY. Thank you, Mr. Rosenthal.

Mr. Chairman, I am accompanied here this morning by Mr. Ben Zimmerman, former director of the community action program in Syracuse, N.Y., who is now the Chief of our Community Services Unit in the Office of Economic Opportunity, community action program, and also Mr. Hollister, formerly from California, who is one of the persons on the staff concerned primarily with consumer action programs in relation to community development.

It is a pleasure, indeed, Mr. Chairman, to appear before this subcommittee. I have had the privilege and pleasure of being a personal acquaintance of the distinguished chairman of your general committee for many years, and this happens to be the first opportunity I have had to appear before any of its component parts.

Mr. ROSENTHAL. I am delighted you could be here. I might also tell you that both the chairman and the other members of the committee were here earlier and had to leave because they are conferees on the transportation bill, which apparently has a very high priority for this week. They told me that they would be back if that conference broke up.

Mr. BERRY. I am appearing here as alternate for Mr. Schriver, and he asked me to convey his regrets that he could not personally appear but the requirement to appear at a conference at the White House this morning preempted his time, and so I consider it his loss and my gain to have this opportunity.