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# Other Grocers Will Hold Line

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Guam's grocers disagreed yesterday with one of their colleagues and his company's recent campaign.

Kenneth Jones and his three J & G Payless Markets drew fire after Jones ran an "open letter to the government" advertisement in yesterday's Pacific Daily News, announcing that his stores would reopen Thursday with price reductions of up to 8 per cent.

According to Jones' letter, there is "no other place in the free world where the consumer pays this high a tax on staple food items."

When foodstuffs are obtained from island-based wholesalers, the 4 per cent tax is added into the wholesale price and is paid again by the retailer, making it possible for the consumer to pay an 8 per cent tax.

But that's in theory. In reality, according to Al Shipley, the island's larger retailers generally buy directly from the source of supply or through—not from island wholesalers and rarely pay a "double tax."

Shipley is owner and manager of Sav-Mor Market in Dededo.

Shipley said he, too, is opposed to double taxation where it exists.

But, he added, the gross receipts tax may be the smallest of the retail grocers' headaches in trying to keep prices down.

Shipley cited 57-year-old shipping laws, mushrooming fuel costs—both at sea and on land—and rising electric bills as adding more to the consumer's food bills than the 4 per cent gross receipts tax.

Under the Jones Act of 1917, all foodstuffs leaving U.S. ports for other U.S. ports—including U.S. territories—must be carried by a U.S. flag vessel. Shipley said using a foreign flag carrier could mean a 10 per cent reduction in shipping costs.

Freight rates rose 18 per cent within the last month because of increased bunker oil charges—the fuel which gets the ships into ports.

The trucks that carry the freight from the port to the store cost more to operate too—all island drivers felt the 21-cent hike in gasoline prices that came within one 60-day period.

Fuel seems to be the culprit behind increased utility rates, too. Guam Power Authority announced last week that this month's billings will be from 11 to 17 per cent higher because the cost of oil has jumped from \$2.77 to \$8.57 a barrel.

"The 4 per cent tax is not the biggest single factor in higher food costs," Shipley said.

When Jones first began talking of the J & G plan to reduce prices last Friday, he said about 40 categories of items in his stores would be affected by the changes.

At Ada-Seiyu headquarters, operations manager Ralph Mesick mused, "I didn't know we had that many categories."

Asked if Ada's, too, would be cutting food costs to keep up with the Jones (and Guerreros), Mesick said "I can't see how we could."

Should the Legislature repeal the gross receipts tax, however, Mesick said he thought Ada's prices would drop.

But Shipley expressed doubt that such a move would be forthcoming, even if all grocers lobbied in favor of it.