
Defense Report

AUSA



The Military Post Exchanges—They Benefit Both Service People and the Civilian Taxpayer

As long as there have been armies there have been merchants following in their trail to sell soldiers the things that add a dimension of comfort to their lives. Frontier army posts in the American West had their suttlers' stores where a trooper could wet his whistle or buy a plug of tobacco. Today's Soldiers, Sailors, Airmen and Marines are served by a complex of stores, restaurants and automotive service stations that provide close-at-hand convenience as well as some savings over the cost of similar goods and services in the surrounding civilian community. They are almost entirely self-supporting.

And few non-military people realize that exchange prices are set to generate a profit that does not go to the store operators or even to the service people who spend their money in the stores. It is used to finance recreation activities that would otherwise have to be subsidized out of tax money. In recent years these profits have contributed about \$100 million annually to provide a wider range of athletic and social activities—like the Scouting programs—to military families. These "non-appropriated funds" help to support swimming pools, tennis courts, bowling alleys, athletic teams and youth centers that contribute a great deal to the morale of military personnel.

The military customers of the exchanges, by paying prices that generate funds for recreational activities, are both subsidizing those activities and lessening the amount of tax money that would otherwise have to be funnelled into them.

There is some debate, currently, about the amount exchange customers save by trading there. The Defense Audit Service, a Department of Defense agency, says the savings vary from a high of 18.6 percent at military installations in the Atlanta, Ga. area to a low of 1.06 percent in the Norfolk, Va. area. The nationwide average is 13.03 percent. The audit service says the greatest savings are in housewares (23.2 percent) with a 10.6 percent saving on clothing and no savings at all on candy and automotive supplies. The Army and Air Force Exchange System, using a somewhat different basis of price comparison, claims that nationwide the savings amount to 22 percent, with a high of 25 percent in the Fort Dix, New Jersey area and a low of 19 percent at Fort Benning, Georgia.

Whatever the actual savings may be there are two facts that should be abundantly clear: First, the exchange systems remain a valuable asset to military people both as a saving and as a source funds for activities to improve the quality of their lives. Second, the exchanges pay double benefits to the non-military taxpayer by bolstering military morale and by providing a non-tax generated source for recreational activities. Continued good management of the system will preserve this double benefit.