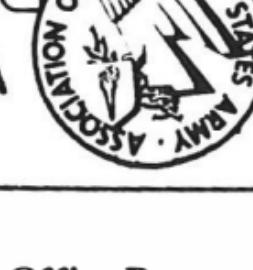


# Defense Report

## AUSA



### The General Accounting Office Proposal to Lower Post Exchange Prices—Watch Out for The Trap!

The General Accounting Office, which was established by Congress to keep an eye on the executive departments, most often issues reports that will mean still another belt-tightening by people in our military services. For this reason our uniformed people were understandably surprised when they heard of a GAO report that proposed *lowering* prices in the post exchanges and ships' stores where service people and their families buy their necessities.

The report pointed out that exchange prices are influenced by the need to show profits. Those profits support a major portion of the morale and recreation activities on military bases and ships. The Third Quadrennial Review of Military Compensation, in fact, estimated the annual contribution of PX profits to morale and recreation activities at about \$100 million. That figure has undoubtedly been driven higher by inflation since the report was compiled. The activities supported by exchange profits include libraries, sports programs, recreation centers, arts and crafts, and professional entertainment for troops deployed overseas.

What the GAO has recommended is that the responsibility for supporting these activities be removed from the exchange systems so prices could be lowered to simply cover operating expenses. Funds appropriated by Congress, the GAO says, should be used to support the morale and recreation functions.

At first glance, this seems to be an offer the military services should not refuse. But there are pitfalls that have made the military wary and brought a response of "Thanks a lot, but no thanks."

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