

# AF Contract Workers, Gov Guam Are Asking BX Privilege Probes

By Ronn Ronck  
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The controversy over Guam's military exchange and commissary benefits and their relation to buying in civilian

markets continues. "Concerned" contract workers for Philco-Ford at Andersen AFB have written a letter to Defense Secretary James S. Schlesinger and other government and military officials concerning their recently-announced loss of commissary and exchange privileges because of Guam now being classified an "organized, non-foreign territory."

The employees agreed "to an extent" that commercial retail facilities here are adequate but added that "the lower priced food items are tailored to the Guamanian and Oriental diets, not the people recruited in the United States and sent to Guam." The letter also mentioned the high cost of living on Guam and asked "if Guam is to be considered on a par with the United States, why do the exchanges sell major appliances...and many more items in that category that are

available on the local economy? The difference in prices between the base facilities and the prices on the local economy average 60 to 80 percent on most items. Many of us here cannot afford to live here with an increase such as that."

The letter—copies of which were sent to the Secretary and General of the Air Force, Rep. Antonio B. Won Pat, and Sens. William Proxmire and Daniel Inouye—asks for an investigation into the matter by an off-island agency "so that all the facts can be known."

Meanwhile, Department of Commerce Director Jose Diego is also requesting an investigation. He, too, wants all the facts known, but hopes for different results.

In a letter to Won Pat, he stated that "the military exchange on island has no restriction on sale of high priced

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# Ask BX Reviews

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commodities, thus cutting into the local market by a substantial percentage." It is Diego's hope that military exchanges and commissaries on Guam will eventually be non-competitive with the local community market.

The employes' letter also states:

The present contract provides for exchange and commissary privileges for all assigned personnel, with or without families. This contract has been extended for one year effective 1 Oct. 1973, on that date we will no longer be authorized to use the exchange and commissary facilities. They (Eight Air Force headquarters) say the reason for this action is because Guam is now categorized as an organized, non-foreign, overseas area, and also due to the fact that commercial retail facilities are now considered adequate.

The cost of living on Guam has probably increased more than anywhere in the world during the past three years, mostly due to the Japanese tourist boom...

The difference in prices between the base facilities and the prices on the local economy average between 60 to 80 percent on most items. Many of us here cannot afford to live here with an increase such as that. We have been told by Philco-Ford officials that we will be compensated for the loss of privileges and that the USAF will have to provide additional money for this purpose. It just does not make sense, why take away privileges that do not cost the Air Force anything and in doing so increase the cost of the contract because of it....

exchange services come under the direct control of the local commanders, on whose shoulders all policy decisions rest.

Diego continued in his letter:

"The military exchange on the island has no restriction on sale of high priced commodities, thus cutting into the local market by a substantial percentage."

"I am particularly interested in policies or regulations the federal government has established in regards to U.S. military exchange activities as they apply to base exchanges in the mainland, and how these policies can be made applicable to military exchanges in Guam."

A study into policies on military exchanges and commissaries on the mainland is currently being conducted by the General Accounting Office under the request of Rep. Les Aspin, D-Wisconsin.

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"At this time the Navy has stated that they have no plans to withdraw exchange and commissary privileges from civilians on Navy contracts, and if Guam is not an overseas area any longer why do all civil service personnel still retain the privileges? Why is the Air Force withdrawing the privileges and the Navy not? We do not consider that fair and equal treatment."

"In a small economic area where 30 percent of the population is military, a major concern by the local merchant is that a decrease in price on large commodities is not feasible due to an insufficient local market or demand. The fact that the military exchange stores command a significant share of the Guam market is indeed no help to the economy at all."

Mainland base exchanges and commissaries are classified as "domestic," which basically means that they legally cannot compete with the local community market. They are restricted to carrying only "necessity" items, and must put a mark-up on goods so that they retail at approximately the local community price levels.

Guam exchanges and commissaries, however, are classified as "overseas," and virtually no restrictions are placed on the quantity, quality or pricing of items. "Overseas"

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