

RECESSION PROOF: Servicemembers are buying and charging more – defying the U.S. economy.

By [Matt Millham](#), Stars and Stripes
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As long as Americans like hot showers and flush toilets, Joe the Plumber will have a job.

It's probably safe to say that no matter who wins the White House next week, Joe won't have to worry about putting food on the table anytime soon.

Plumbers, as well as teachers, police officers and cable guys, offer Americans something they have decided they just can't live without — things like education, public safety, and American Idol.

That dependence makes these jobs, in a sense, "recession-proof."

You can add the military to that list.

A slew of hard data and anecdotal evidence shows the military economy continues to hum along, even as the U.S. economy idles. While millions of Americans fret about losing their jobs, homes and retirement savings, military members have the luxury of fussing over less consequential matters, such as which game system to buy: Nintendo Wii or Playstation 3.

This isn't a joke.

Military bank and credit card data, as well as sales at on-base exchange stores, all show that the military community is faring better than the U.S. in general.

While U.S. retail and food services sales fell 1.2 percent from August to September, Army and Air Force Exchange Service sales rose 21.7 percent, mostly on the strength of sales of home theater products, fast food and nondiscretionary items such as toiletries and house wares, according to Judd Anstey, a spokesman in the exchange's Dallas headquarters.

Another way of putting it: The average American family has cut back on spending, and the average military family is spending more.

Over the Columbus Day weekend, the exchange's store at Vogelweh, Germany, sold more than \$220,000 in electronics — mostly video game systems and accessories — including an entire shipment of more than 300 Nintendo Wii consoles (sticker price \$249), which got wiped out in a day.



Matt Millham/S&S

Sgt. Michael Timms, of Battery C, 5th Battalion, 7th Air Defense Artillery, shops for television at the PXtra in Kaiserslautern, Germany. Sales at AAFES and NEX stores have increased in recent months, bucking U.S. sales trends.

By all appearances, troops — especially those deployed to war — appear entirely unaffected by the U.S. economic meltdown "because they're still spending like mad men," said Beth Curran, the financial readiness program manager at Smith Barracks in Baumholder, Germany, which houses the largest concentration of American soldiers in Europe.

The base is not an anomaly.

"Some of the soldiers are living it up like it's Vegas here," said Cpl. Stephen Boone, a member of the 2nd Infantry Division headquarters in South Korea.

While overall U.S. retail sales for September were 1 percent lower than a year ago, AAFES sales rose 6.1 percent. Navy Exchange Command also bucked the U.S. trend with an 18 percent sales jump from August to September, and a 2.1 percent growth in sales from a year ago.

How does that happen without military families breaking the bank?

Guaranteed employment

Living in the military is kind of like "living in a bubble," said Sgt. 1st Class David W. Bucklin, station commander for the U.S. Army recruiting station on Pulaski Barracks in Kaiserslautern, Germany.

Once you're in, you are almost guaranteed to have a job to retirement — in a mere 20 years — as long as you want it. And all the while, the military picks up the tab for housing, medical and dental care, food and even clothing — not to mention free college and training in a profession of your choice and 30 days' paid vacation.

Even when the economy's humming along, most American corporations and small businesses offer at most only a fraction of these benefits.

With their basic needs covered, troops continue to spend nearly all they are making, and are going further into credit card debt.

Americans, on the other hand, recently started saving a lot more than they had in years. Between March 2007 and March this year, they saved less than one-half of 1 percent of what they had left after paying for housing, taxes, insurance and other major bills. But in the second quarter of this year, the savings rate jumped to 2.7 percent — 12.5 times greater than the previous quarter — according to the U.S. Bureau of Economic Analysis.

Meanwhile, the average Community Bank savings account balance has increased a little more than \$200 in the past year — from \$2,714 to \$2,922 — according to the Defense Finance and Accounting Service. Military Star Card balances, at the same time, increased by more than \$240 on average, according to data provided by AAFES, which runs the program.

The increased use of credit could be seen as a sign of economic hardship, but the number of delinquent Star Card accounts has actually fallen in the past year from 8 percent in September 2007 to 7.8 percent this year.

Meanwhile, stateside credit card use has slumped, and delinquencies have climbed. A swarm of regional U.S. banks last week reported worse-than-expected third-quarter earnings and announced they'd put aside billions of dollars to offset expected losses on unpaid credit card debt.

Even though the differences between the U.S. economy and the military economy are stark, military members aren't wholly immune from the economic malaise. Those invested in the Thrift Savings Plan could have lost a lot of what they put in, and some have lost money on homes that depreciated in value.

But most people in the military — especially those overseas — don't own homes, and few servicemembers are exposed to the stock market, Curran said.

According to TSP figures from April, only 25 percent of Army soldiers, 33 percent of Marines, 35 percent of airmen and 51 percent of sailors have any money invested in the program. Not all risks to a troop's economic well-being are connected to the U.S. housing or stock markets, though.

Curran said she's recently been counseling soldiers who have been told that, because of medical conditions, they won't be able to stay in the military.

A soldier with three years left on his enlistment contract "... knew he was going to have a paycheck every month, no problems, roof over his head, food in his belly," she said. But once he's told he's being put out for medical reasons, he's got four to six months left before that's gone.

A reason to stay

As a whole, however, the military may very well be recession proof, Curran said.

In the more than two decades that her husband has been in the military, there's only been one time when he was concerned he might not get a paycheck — that was when the U.S. government shut down briefly in late 1995 and early 1996.

"But in 22 years that's the first time it ever happened — it's the only time it's happened," she said.

For the most part, troops agree that the recent woes of the U.S. economy aren't having much of an impact on them.

"We're still going to go off base, eat at the local restaurants," said Senior Master Sgt. Jason Fiegl, a member of the 426th Network Warfare Squadron at Vogelweh, Germany. "So really it's no impact."

Knowing what the average American is worried about is influencing troops to stay in uniform.

Sgt. Michael Timms, a member of Battery C, 5th Battalion, 7th Air Defense Artillery in Kaiserslautern, said he made the decision to stay in until retirement long ago, but other soldiers in his unit who might have left the Army in better economic times are staying green for now.

"I don't know if I would say it's (the economy) the primary reason, but it's a big reason" why they're not getting out, Timms said.

Faced with the choice of exiting the service to enter a dismal job market or staying in and getting a big re-enlistment bonus, it seems to be a no-brainer, he added.

Pfc. Rex Weller, a member of the 61st Maintenance Company at Camp Stanley, South Korea, is among those re-enlisting at least in part because of the economy. But even in the military he hasn't felt entirely isolated from its woes. Though he hasn't had to worry about a pay cut or getting laid off, he has been hit by the run-up in the cost of living.

"It's definitely not easy being young, and having a child to take care of," Weller said. "Pricing is going up for baby formula, diapers, rent, medical bills."

But, he acknowledged, he still has it better than the rest of his family; both his father and father-in-law lost their jobs. That's made planning for his future a simpler choice.

"Oh yes, definitely re-enlistment," Weller said. "This is a steady paycheck and you know it's going to be coming in."

Some, though they feel protected from the financial maelstrom, are taking extra measures to protect their finances.

Pfc. Turner Stimson, a soldier with the 52nd Signal Battalion in Stuttgart, Germany, said he feels insulated from the U.S. economy's upheaval, but is still troubled by it. So now he's leaving more of his paycheck in the bank.

"I'm planning on getting out of the Army when my four years are done. So I'm trying to save up for that and not spend too much," Stimson said. "I don't want to owe money when I get out."

However, if the economy hasn't recovered by the time his enlistment is up in 2011, "it could impact my decision to get out," he said.

Stars and Stripes reporters John Vandiver, Erik Slavin and Vince Little contributed to this report.

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