Tariff Commission has pointed out, imported fashion watches satisfied a new demand and thus did not compete to any significant extent with domestic production. Initially an inexpensive vogue item for teen-agers, fashion watches subsequently caught on as a medium-priced or relatively expensive item of jewelry for older women. Domestic producers began to compete in this market only after it was carved out by the importers. The recent increase in watch imports has certainly not come at the expense of the domestic industry. On the contrary, imports helped to establish an important new watch market in which the domestic manufacturers themselves are now competing.

DOMESTIC EMPLOYMENT HAS PROBABLY INCREASED SINCE 1954

Employment in watch production fluctuated within a relatively narrow range from 1954 through 1965 and, at the end of the period, was down slightly from the 1954 level. In 1966 and 1967, domestic watch production increased a total of approximately 3 million units. Bulova reported in 1967 that its employment was at an all-time high. Hamilton reported earlier that it had hired 500 new workers in 1965 and anticipated hiring an additional 500 in 1966. U.S. Time's domestic employment has trebled over the years. While these increases are certainly not attributable entirely to watch production, neither are they consistent with the picture of an aging work force that is being driven to the wall by import competition.

Statistics recently reported by the Department of Commerce indicated that employment of production workers in the watch and clock industry rose from 18,308 in 1958 to 22,832 in 1966, up about 25 percent. Much of this increase was undoubtedly in clock assembly, but it must also reflect increased employment by watch-importer assemblers, as well as the stable trend in employment in watch movement production. In addition, production employment in the watch case industry rose from 2,227 in 1958 to 3,591 in 1966, an increase of more than 60 percent.

In summary, while we do not have complete figures at our disposal, we believe that total employment in the U.S. watch industry and its supplier industries has risen since 1954, probably by a couple of thousand or 10–15 percent.

DOMESTIC COMPANIES HAVE STRENGTHENED THEIR COMPETITIVE POSITION SINCE 1954

Since the escape clause action of 1954, the watch industry has undergone a series of changes which markedly strengthened the competitive capability of the firms which produce watch movements domestically. Chief among these changes is the growth of U.S. Time, or Timex, from a relatively unimportant company into the giant of the industry.

By its own proud boast, U.S. Time is the world's largest watch company, marketing more than 40 percent of the watches sold in the United States. Its sales last year amounted to $201 million, representing incidentally a 40 percent increase over 1966 and a 169 percent increase since 1962. I would remind you that this latest increase of 40 percent came after the tariff reduction which occurred in January 1967. *Forbes* magazine recently estimated (June 1, 1968) that U.S. Time last year earned a return on stockholders' equity of 25 percent. The most recent *Fortune* 500, reporting on 1967 results, showed just 11 of the 500 largest industrial companies in the U.S. with a higher earnings rate on invested capital. Xerox, to use a familiar bench mark, earned 24.0 percent and stood 13th on the earnings rate list. Among those who trailed Timex: General Motors (17.6%), IBM (17.4%), RCA (17.4%), Litton Industries (16.4%), Coca-Cola (22.5%), Pfiser (13.9%), Texas Instruments (9.5%), LTV (13.9%), and Eli Lilly (19.2%), all regarded as exceptionally profitable companies. According to *Forbes*, U.S. Time's earnings per share have increased 200 percent since 1962. U.S. Time is a privately-held company. If it were a public company, it would, of course, be represented in the *Fortune* 500.

Forbes recently quoted U.S Times Vice President Robert E. Mohr as saying: "Labor may be cheaper in Switzerland, but through automation we can keep our costs down." In view of U.S. Time's growth, its obvious profitability, and its remarkable dominance of the low price market, no one can seriously question this company's ability to take care of itself competitively. In fact, it is ironic that this company—which sells five or six times as many watches as its closest competitor and is substantially more profitable than any other firm in the industry—should come before Congress and ask to be protected from competition.