The other principal domestic producers are also enjoying unprecedented prosperity, as shown in Table 4. Bulova's sales in the year ended March 31, 1968, were \$139.8 million, up 13 percent from \$123.9 million a year ago. Profits were \$4.5 million, an increase of 15½ percent from \$3.9 million a year ago. The results in the year ended March 31, 1968, represented an all-time record for the company, the previous records having been established in the year ended March 31, 1967. Since 1962, Bulova's sales have increased approximately 122 percent. Bulova officials have stated flatly that the reduction in the escape clause rates "imposed no economic penalty on the company." The Long Island *Newsday* last year quoted Bulova President Harry B. Henshel as saying that Bulova is working at peak capacity, "particularly at its Long Island plants," where the phenomenally successful Accutron is produced for the U.S. market. Bulova officials told stockholders on June 13, 1967, "in the next two years we will continue to expand our manufacturing facilities for both watch cases and movements." More recently, in March of this year, Bulova's national sales manager, Michael D. Roman, forecast that Accutron would be the "leading selling watch brand in the United States in dollar volume within three years."

Hamilton increased its sales during the year ending January 31, 1968, to \$68.4 million, a new high, and an increase of 81.9 percent since 1962. Hamilton's earnings were below the record level achieved in 1966 because of—and I quote here from the most recent annual report—"difficulties with a major military contract involving heavy training expenses, difficulty in obtaining parts from certain vendors, and high investment in inventories." The annual report forecast "a good year in 1968" and predicted that "industry-wide sales of watches probably will reach new highs." Arthur B. Sinkler, now the firm's chairman, said in 1967 that Hamilton's factory in Lancaster, Pa., was operating "at near-capacity levels." First quarter results for 1968 showed an increase of more than 45 percent in sales and of about 75 percent in profits (\$19,240,000 and \$414,000 in the quarter ended April 30, 1968, compared to \$13,050,000 and \$237,000 in the first quarter of the previous fiscal year).

General Time, which is a relatively small factor in the watch business though a major producer of clocks, also achieved record sales of \$129.5 million in 1967 and, according to *Forbes*, boosted sales during the most recent 12-month period to \$132.8 million, a gain of 92 percent since 1962.

Spokesmen for the domestic companies have been extremely optimistic about the future. Harry B. Henshel of Bulova, in December of 1967, forecast "an all-time record watch market in the United States in 1968," with an increase in unit sales of "at least 10 percent during the next 12 months." We have already mentioned the forecast by Mr. Roman of Bulova regarding his expectation for the Accutron. Hamilton's President Richard J. Blakinger, also in December 1967, predicted that watch sales "should reach a new high of 46 million units and exceed \$1 billion in 1968." He said that "the pace is accelerating as we enter 1968." In announcing his firm's first quarter results for 1968, Mr. Blakinger said: "We look for continuing improvement for Hamilton through the balance of the year. Based on incoming orders and operating performance so far, we expect all divisions to complete the year ahead of 1967 in both sales and profits."

A second major development in recent years has been the marked trend toward the internationalization of watch production. This trend has affected the domestic manufacturers as well as it has affected most other watch producers in the world.

U.S. Time and its affiliates now have factories in England, Scotland, France, West Germany, Canada, Puerto Rico, and the U.S. Virgin Islands, as well as in the continental U.S. In addition to producing watches for marketing abroad—and I would note that, according to *U.S. News & World Report* of August 21, 1967, Timex now accounts for one-third of the watches sold in Britain, 20 percent in France, and about 10 percent in West Germany—these factories also produce parts for incorporation in the watch movements which U.S. Time manufactures domestically.

In testimony before the U.S. Tariff Commission in March 1964, a U.S. Time executive asserted that "the importation of parts keeps our labor force at work here." He was saying, in other words, that U.S. Time has taken advantage of international specialization to achieve the lowest possible unit cost of production on the millions of watch movements it produces in the United States. This technique is one very important reason for U.S. Time's fantastic success and has led to a many-fold increase in the company's U.S. employment.