

And the free traders among us think that this attrition in the ranks of our industry is a necessary step forward toward the Utopia they envision, when all tariffs and trade barriers have been abolished.

We do not question the motives of the free traders, but we cannot understand their lack of concern over who will supply our country—speedily and in volume—with artillery fuzes and other small and intricate armaments, when they are needed.

The Defense Department, at least the top echelon of the Defense Department, was of the opinion in 1966 that as to other domestic industries not presently making such fuzes and armaments:

* * * as a result of the experience they were gaining in the current procurement program to meet Vietnam needs, their capability for making the more difficult mechanical timing devices used in fuzes and other ordnance items will increase substantially.

Well, said capabilities do not seem to have increased substantially enough, because, just as they did in World War II and the Korean action, the Defense Department has had to come back to what is now left of the domestic horological industry for mechanical time artillery fuzes for Vietnam and this industry is the only industry supplying them—critically as they have been needed.

In 1964, the Special Preparedness Investigating Subcommittee of the Committee on Armed Services of the U.S. Senate looked carefully into the importance of the horological industry to national security. Their conclusion was forthright, to wit: that the watch industry was involved in over 90 percent of our missile programs; that it was the only industry capable of making timing devices for certain nuclear weapons; that there is a definite need for the industry in the field of miniature timing devices of many kinds, both for current and emergency production; and that Russia, Red China, Japan, France, and Germany have been fostering their watch industries, while the United States allows it to wither.

It would be a foolish prophet who does not heed his own prophecies. We have, perforce, heeded ours.

For more than 10 years, seeing the apathy of Government toward the plight of our industry, we have been making ready for the day when we, too, will have to disappear from this country.

Timex has established the foreign plants I have mentioned above, has examined the possibilities of establishing plants in six additional countries, and has bought land in two of them.

We never forget that figure—that 85 percent of the cost of a watch is labor. And we observe the labor rates not only in Europe, but especially in Japan, Russia, and Red China, and reflect at the same time on the additional assistance all foreign watchmakers are offered here by our descending tariffs.

It takes a long time to make a watch plant in a foreign country self-contained and profitable. It takes many years just to train the toolmakers required. But we have been working at it. We have no other choice. We know that, in time, unless we are given, with urgent speed, help from our own Government, we will have gone the way so many of our industry have been forced to follow—out.

Thank you.

(Mr. Carmody's prepared statement follows:)