

ment practices and our contributions to race relations. Unfortunately, most of our negro employees have much less seniority than our white employees and therefore under seniority requirements they would be the first to go if and when that labor force is reduced. We are told by the Arkansas State Unemployment Agencies that there is no employment available locally for those potentially unemployed persons except domestic work.

THE DOMESTIC HOROLOGICAL INDUSTRY

Since before World War II the watch industry in the United States has been dominated by the Swiss watch cartel. The nature, character and extent of the Swiss watch cartel is described in detail first, in an opinion of the United States District Court for the Southern District of New York, dated December 20, 1962, *United States v. The Watch Makers of Switzerland Information Center, et al.*, in which the Court found the Swiss watch cartel guilty of violating the United States antitrust laws, and secondly, in a June 1966 Report to the President from the Tariff Commission (T. C. 177). Each is more than 100 pages long.

Perhaps second only to the South African diamond cartel, the Swiss watch cartel is probably the most powerful cartel in the world. Its influence is such that it was able to persuade the Swiss Government to prevail upon the President of the United States, on January 11, 1967, to withdraw the then existing Escape Clause rates on watch tariffs of the United States as a pre-condition to the Swiss Government's participating with the United States and other Governments in the Kennedy Round tariff negotiations in the Spring of 1967.

Existing tariff rates for watch movements were established by paragraph 367(a) of the Tariff Act of 1930. These rates were very substantially reduced by concessions in a Trade Agreement with Switzerland (T. D. 48093), effective February 15, 1936, entered into under the Trade Agreement Extension Act of 1934. Following an Escape Clause investigation by the Tariff Commission, pursuant to the Trade Agreements Extension Act of 1951, and on the recommendation of the Tariff Commission, the President on January 27, 1954 increased the duties on watch movements by Proclamation No. 3062 to roughly the levels established by the Tariff Act of 1930. On January 11, 1967, the President by Proclamation No. 3761 withdrew the Escape Clause tariff rates on watches provided for by the 1954 Presidential Proclamation and reinstated the tariffs provided for by the 1936 Trade Agreement with the Swiss.

At least 85% of the watches imported into the United States are from Switzerland. Excluding TIMEX's sales, approximately 70% of the U.S. consumption of watches are watches produced in Switzerland. In the period 1958 through 1967 domestic consumption of watches increased from 19.8 million to 43.3 million, an increase of approximately 23 million watches. Yet domestic production increased by only 7 million watches (from 9.4 million to 16.6 million). Thus domestic production accounted for less than one-third of the increased consumption during that ten-year period. These data are all from official reports of the United States Tariff Commission.

The specific results of Swiss imports are shown in the following. In 1957 Waltham Watch Company, then a domestic manufacturer of watches, discontinued the production of watches. In 1959 New Haven Clock and Watch Company, then a domestic manufacturer of watches, went out of business. In 1959 Ingraham Company, then a domestic watch manufacturer, discontinued the production of wrist watches and continued domestic production only of pocket watches. In 1963 Precision Time Company, a manufacturer of wrist watch movements, went into bankruptcy, and its plant and equipment were sold in 1964. In 1964 General Time Company discontinued the manufacture of wrist watches in the United States, continuing the domestic manufacture of only pocket watches. In 1963 Elgin National Watch Company closed its Elgin, Illinois plant and transferred its watch-making facilities to a new plant in Elgin, South Carolina, for the announced purpose of reducing production costs. But in 1964 Elgin discontinued all domestic production of men's watches and in 1967 Elgin discontinued the manufacture of all watches in the United States—although its South Carolina plant was but four years old.

The day following the President's January 11, 1967 reduction of tariffs on watch movements, Hamilton Watch Company issued a press release stating:

"The action taken by the President yesterday will not benefit American consumers for through this action the United States will be dependent on foreign cartel-controlled sources for watches.