

"So far as the Hamilton Watch Company's future is concerned, Hamilton is fully protected for its sources of supply through both foreign and domestic manufacturing facilities. During the past eight years, we have had watch manufacturing capacity in Switzerland, Japan, and the U. S. Virgin Islands. At the present time, about 40% of the Hamilton watches sold in the United States are manufactured in our factories in Switzerland. We must, as a result of the President's action, anticipate a gradual increase in foreign manufacturing and a lessening of our watchmaking activities in the United States."

As of this date Hamilton reports that it is planning further restrictions in the numbers of calibres it makes domestically.

In the United States today there are but three manufacturers of wrist watches—(1) TIMEX, (2) Hamilton and (3) Bulova—originally a Swiss watch manufacturing company which came to the United States some years ago and now manufactures watches both in Switzerland and in the United States. TIMEX is the only domestic manufacturer of wrist watches that does not also manufacture watches in Switzerland. In the last ten years TIMEX has been forced competitively to make half the parts abroad which it uses in its domestic watch production.

Neither Elgin, which gave up all domestic wrist watch production since the President reduced watch tariffs on January 11, 1967, nor Hamilton imported any watches prior to 1950.

As early as July 1963 the Tariff Commission, apparently ignoring the effect on domestic employment, unanimously found that the losses domestic companies would incur by liquidating their domestic plants would "be partly or fully offset by increased profits arising from increased import operations."

The United States District Court's 1954 decision in the Swiss Watchmakers case found in part:

Since at least 1931 and continuing to date, the defendants (the Swiss cartel and certain domestic importers of Swiss watches) have been engaged and are engaged in a combination and conspiracy to restrain unreasonably the foreign and interstate trade and commerce of the United States in the manufacture, import, export and sale of watches, watch parts and watch-making machines in violation of Section 1 of the Sherman Act and Section 73 of the Wilson Tariff Act.

The Court further found:

The United States watch industry was the Swiss watch industry's biggest competitor, and the restrictions of the Convention¹ have obviously had a crippling effect in this country, and were so intended.

The Court cited examples of the cartel injury to the domestic watch industry including an agreement under which Benrus Watch Company agreed to liquidate certain of its United States watch making facilities which had been converted to war production during World War II.

Despite the injunctions in the District Court's decree against the cartel, the primary source of watches supplying the domestic market is still Switzerland—excluding only that portion of the market supplied by TIMEX.

While TIMEX, Bulova and Hamilton are the only remaining domestic wrist watch manufacturers, and Hamilton and Bulova also manufacture in Switzerland, the cartel continues to expand its control over firms distributing watches in the United States. In recent years the cartel has acquired substantial shares of stock in both Elgin and Gruen. In 1968 financial publications report on negotiations by the cartel to acquire shares in Waltham Watch Company and Bulova Watch Company. See in particular *Forbes Magazine* for June 1, 1968.

It is interesting to compare what has happened to the watch industries of the world since the end of World War II. In 1948 the United States produced 14.3 million watches, in 1963 12.3 million watches, while in 1967 it produced 16.6 million watches. In 1948 the Soviet Union produced 4 million watches, while in 1963 it produced 27 million watches (and *The New York Times* says its 1967 production was 40 million watches). Switzerland increased its watch production between 1948 and 1963 from 24 million to 45 million watches. Japan's watch production was 0.6 million in 1948 and 12 million in 1963. Red China which produced no watches prior to World War II (1948 figures are not available) produced 8 million watches in 1963. In the period 1948-1963 world production of watches increased 250% from 49 million to 123.8 million while United States production of watches declined 15%. These data are from hearings before a Subcommittee of the Senate Armed Services Committee, on August 17, 1964, p. 285.

¹ Which comprised the rules and regulations of the Swiss watch cartel.