

developments or modifications of stockpile items to meet new requirements and specifications. In all three instances the watch industry met the emergency need. Non-watch companies were brought in later—two years later—as to the XM-423 and XM-427 fuses for additional production.

Even were the Federal Government to “mothball” plants for emergency timing device needs, there is no way to mothball the skilled work force needed to produce such timing devices.

On February 26, 1966, then Secretary of Defense Robert McNamara wrote the Acting Director of the Office of Emergency Planning with respect to the national security aspects of the watch industry. Secretary McNamara concluded that: “The United States watch industry has been an important and responsive source for horological-type items used in rockets, missiles, and ammunition, as well as a supplier of watches, chronometers, and other items.” The Secretary noted the domestic production of watches had declined in spite of “escape clause” tariff rates and he predicted a further decline in domestic production, thus proving, in our opinion, that even with the “escape clause” rates, watch tariffs were too low to protect the domestic industry since that decline in domestic production of watches was in the face of a very substantial gain in domestic watch consumption.

The Secretary commented that companies not now involved in watch making were a growing source of capability for horological-type items and that “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 fuses and other ordnance items will increase substantially.” The Secretary was referring to the production of timing devices by non-watch making firms which devices had been developed and initially produced by watch making firms. Thus, while non-watch making firms during the six years since the Vietnam action began have acquired a certain capability to produce these fuses, they will return to the production of non-watch commodities at the cessation of hostilities and if the domestic watch industry should cease to exist, then in the event of a future emergency requiring these skills there will be no existing pool of skilled workers or machinery possessing the capabilities necessary to fill those security needs.

TIMEX therefore vigorously urges the enactment of H.R. 11738 to protect what is left of the domestic watch industry and vigorously opposes H.R. 17551 to the extent it can be used further to reduce watch tariffs not only because of the bill's national security implications but in the interest of keeping alive a domestic watch manufacturing industry and in the interest of its employees.

For us, moving abroad will mean embarking upon hazardous ventures, for our employees, loss of employment and for our national defense, a serious elimination of an important source of military matériel.

Mr. ULLMAN. Does that complete your testimony?

Mr. CARMODY. That completes my testimony.

Mr. ULLMAN. Are there questions?

Thank you very much, sir; for your appearance before our committee. We appreciate your testimony.

(The following letters and statement were received, for the record, by the committee:)

AMERICAN WATCH ASSOCIATION, INC.,
New York, N.Y., July 11, 1968.

Hon. WILBUR D. MILLS,
Chairman, House Committee on Ways and Means,
Longworth House Office Building,
Washington, D.C.

DEAR MR. CHAIRMAN: The American Watch Association would like to comment for the record on several issues raised by Edward Carmody of U.S. Time Corporation in his testimony of June 25, 1968, favoring an increase in tariffs on watch movements:

1. Mr. Carmody's charges relating to alleged violations of U.S. antitrust laws by the Swiss watch industry concern conditions and practices which date from before 1954 and which no longer affect the U.S. watch market. Mr. Carmody neglected to point out that a final judgment of the U.S. District Court in New York, entered on February 3, 1965, dealt fully with these past violations of U.S. antitrust law and precluded their repetition. The imposition of any future re-