

strictions on United States domestic or foreign commerce in watches, watch movements, watch parts and watchmaking machinery was specifically prohibited.

The Court's authority to enforce this judgment under its contempt powers, and the Justice Department's broad investigatory authority under the judgment, assure that the Court's orders will continue to be carried out. Indeed, the Department of Justice, in a memorandum to the Court dated December 4, 1964, stated that this judgment effectively assures "free and open competition" in the U.S. watch market, and achieves "the economic and basic antitrust objectives sought by the Government in this action."

Mr. Carmody's references to the findings of the U.S. Tariff Commission in the Section 337 case are simply incorrect. The Commission's June 1966 report stated flatly:

"The record before the Commission does not disclose that the respondents (i.e., the importers and the Swiss industry) are engaged in a combination or conspiracy to restrain or monopolize trade and commerce in the United States. There is no evidence of current application of the 'cartel's' restraints to importations into, or sales in, the United States. Nor is there evidence that the Swiss watch-making industry, or any of its elements, have monopolized or are presently conspiring or otherwise attempting to monopolize United States trade and commerce in watches, watch movements or watch parts. As a consequence, no basis exists for a recommendation by the Commission that the President, pursuant to Section 337, order the exclusion of articles from entry into the United States." The Commission's finding was unanimous.

Concerning the Court's decision in the antitrust case, the Commission observed specifically that "the conditions found by the Commission currently to exist differ materially from those determined by the Court to have prevailed in the past." As indicative of the changed situation, the Commission pointed to "the steps certain of the respondents in this investigation have taken at the instance of the Court to remove restraints on U.S. trade and commerce from their agreements, and the inhibitions placed upon them by the Court's final order."

In short, contrary to the views imputed to the Tariff Commission in Mr. Carmody's statement, the Commission's report explicitly rejected the claims of the domestic producers that U.S. antitrust laws are being violated by the Swiss watch industry, and accordingly the petition of the domestic manufacturers for relief under Section 337 of the 1930 Trade Act was unanimously denied.

2. Mr. Carmody's discussion of the role of the domestic watch manufacturers in production of defense items is similarly misleading. Mr. Carmody failed even to mention the fact that the domestic watch industry's national security argument was rejected by the Office of Emergency Planning following a thorough investigation instituted in April 1965 at the request of the President. (The same conclusion, incidentally, was reached following an earlier investigation by the Office of Defense Mobilization begun in 1955 and completed in 1958.)

Governor Farris Bryant, the Director of the O.E.P., wrote the President on November 14, 1966: "I have concluded that watches, watch movements, and watch parts are not being imported into the United States in such quantities or under such circumstances as to threaten to impair the national security. I have also concluded, based on the studies and judgments of the interested defense agencies, that the domestic watch manufacturers will be likely to continue production of defense materials for the foreseeable future, that the non-horological industry now has and will continue to have a role in the production of essential military timing devices, and that horological-type defense items will continue to be available from one source or another without regard to the level of imports of watches, movements and parts."

Mr. Carmody did refer, however, to the report submitted to O.E.P. by Secretary of Defense Robert McNamara. He conveyed the impression that the Defense Department agreed with the claims of the domestic producers. Mr. Carmody quoted Secretary McNamara out of context, however. In point of fact, the Defense Department reached a conclusion precisely opposite to Mr. Carmody's.

Immediately following the statements quoted by Mr. Carmody, Secretary McNamara went on to say:

"Termination of domestic watch production, in whole or in part, if it occurs at all, will not take place at a given moment in time but rather over a period of time. During this period the Defense Department can make plans for dealing with the developing situation. The Department considers it unlikely that all domestic production of watch movements would cease.

"Defense requirements, while an uneven source of sales volume for the watch companies, have nevertheless been a continuing source. These requirements will