

been and are expected to continue to be of considerable importance to AEC's weapons program." The AEC concluded however that:

"Though the jeweled lever segment of the domestic watch industry has played an important role in AEC's past programs and its availability would be desirable in the future, it cannot be concluded that it is essential. If a domestic watch industry were not available for future AEC work, the AEC programs would survive by the pursuit of new timing concepts, reverting to old ones with perhaps some compromises, or developing a jeweled detached lever capability in a precision company outside the horological industry. The latter alternative is estimated as a three-year program costing several million dollars."

NATIONAL AERONAUTICS AND SPACE ADMINISTRATION

In reporting on this investigation, NASA advised that a survey of its Field Centers indicates that although the watch industry has supplied items for the space program, the major portion of timing devices used by NASA for all applications is essentially of the electronic rather than the mechanical type, furnished by firms other than the watch industry. In some cases, however, the watch industry may be a subcontractor for some part of the subsystem which contains the timing devices.

DEPARTMENT OF LABOR

In an investigation under Section 232 of the Trade Expansion Act of 1962, the Director of the Office of Emergency Planning must, in the light of the requirements of national security, give consideration, among others, to "... existing and anticipated availabilities of the human resources ... essential to the national defense ..."

Accordingly, we requested the Department of Labor to furnish us information on the manpower aspects of the watch industry.

To meet this request, the Department initiated manpower evaluation studies based upon information obtained in field surveys of jeweled-lever and pin-lever wrist watch firms and of 36 non-horological firms producing related products. A job analysis study was made of 18 occupational skills agreed upon by representatives of the domestic watch industry as being critical to their operations. These key horological jobs were then compared with similar jobs found in the non-horological companies in terms of training times required to reach proficiency, dimensions of work pieces produced and assembled, and tolerances required.

The following findings from the Department's study are considered relevant to the question at issue:

Only the jeweled-lever watch industry now has the combination of skills and procedures to produce precision jeweled-lever watch movements.

Management in many related product factories estimated that it would require about two years to establish from scratch a manufacturing capability to produce precision watch movements on a mass basis.

Only three of the eighteen key skilled occupations in the industry did not have approximate counterparts in other types of manufacturing. The three occupations are only needed to produce electric watches.

It is estimated that combined jeweled watch and pin-lever wrist watch industry would need 3,700 workers to manufacture products needed by the Department of Defense in a peak mobilization period. This represents about three-eighths of the 9,880 employed by the four wrist watch companies in 1965.

About 200 workers, approximately one-third of whom would be technical and highly skilled workers, would be needed to manufacture precision time keeping devices to meet military requirements under mobilization conditions. The other 3,500 would be working on a variety of defense-associated timing devices and related products which do not require as much of the highly skilled work essential in the production of precision watches and chronometers.

Few of the highly skilled specialized workers now engaged in precision watch movement production would be needed in the manufacture of defense goods provided by this industry.

COUNCIL OF ECONOMIC ADVISERS

In his letter to this Office, Mr. Gardner Ackley, Chairman of the Council of Economic Advisers, discussing the statutory requirement in Section 232 that "the Director and the President shall further recognize the close relation of the economic welfare of the Nation to our national security, ..." concluded that there is "no evidence to suggest that imports of watches, watch movements, and parts are currently such as to threaten the welfare of the domestic watch