

# The progress of the watch industry

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Objektyp: **Article**

Zeitschrift: **The Swiss observer : the journal of the Federation of Swiss Societies in the UK**

Band (Jahr): - **(1969)**

Heft 1580

PDF erstellt am: **21.09.2024**

Persistenter Link: <https://doi.org/10.5169/seals-696663>

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# The Swiss Observer

FOUNDED IN 1919 BY PAUL F. BOEHRINGER.

**The Official Organ of the Swiss Colony in Great Britain**

Vol. 55 No. 1580

FRIDAY, 24th OCTOBER 1969

## THE PROGRESS OF THE WATCH INDUSTRY

Few branches of the Swiss manufacturing industry have had to undergo such rapid changes as the watch industry. These changes have been forced upon her by a foreign competition which has been looming ever larger. The Germans, the French, the Americans and, naturally, the Japanese have been making impressive progress in this domain and have spurred Swiss watch industrialists in taking the necessary steps to maintain their own leading position in the future.

This privileged position is fortunately not seriously threatened. Although everything which is made in Japan nowadays has a glamorous appeal and everything American smacks of technological excellence, it is quite false to suspect that the Swiss are being superseded in the field where they have always excelled—watchmaking. As regards technology, it is well known that Switzerland has started rather late in the field of electronic and solid state applications, but it is wrong to suppose that she lags behind the industrial giants of the world in watch technology. The first commercial quartz crystal watch, developed by Longines, is a luminous example. In this new product, an electrically oscillating quartz crystal replaces the mechanical time-measuring oscillator of the orthodox watch, i.e., the balance and the spring. But the quartz oscillator beats 16,384 times per second, compared with about five to ten times per second for the spring and balance of a mechanical watch, and the whole ingenuity of Longines engineers has been to find a way of gearing down this extremely high frequency. This new watch is ten times more precise than the best of mechanical wrist chronometers, it varies on average by a tenth of a second a day, which is less than one minute a year. Another watch which the Swiss are currently developing (together with British specialists) will have no moving parts: it will be an electronic time-counter with magic eyes showing the illuminated numbers corresponding to the hours and minutes of the day.

Although it acknowledges the progress made by the Japanese, the Watch Federation considers that Swiss watches are still superior in quality. This does not mean that the Swiss don't make cheap watches, of lesser quality, to fight the Japanese on their own ground. A trip to Africa will convince one that we can, and do, produce watches which an African from the bush can afford.

If the recent International Watch and Jewellery Fair in Earl's Court is anything to go by, Swiss watch firms dominate the British market in an indomitable way. The timid appearance of Japanese, American, Canadian and English products was overwhelmed by the forcible display of all our important Swiss makes.

The statistics produced by the Chamber of Swiss Watch Industries are a pointer to Swiss supremacy in sheer volume of watch production. Of an estimated 151.9 million watches sold around the world in 1968, Switzerland had produced 68.7 million (an increase of 3.5 million pieces on the previous year and a 45% share of world production), Japan 17.5 million (an increase of 1.1 million pieces on the previous year, a percentual increase in production hardly superior to that achieved by the Swiss), U.S. 17.1 million, France 9 million, Germany 8.6 million and Britain 3.2 million (an increase of 400,000 pieces on the previous year).

The forecasts are that the world market will grow to 275 million watches in 1985, that Switzerland will supply 100 million pieces, or 37% of that market. It is reckoned that only 10% of production will by then be taken up by electronic watches, which means that there is still plenty of scope for increasing and improving the production of standard mechanical watches.

This leading position can only be maintained and these encouraging forecasts realised if our watch tycoons take the necessary steps. These are to restructure and concentrate the industry, to join forces in the export drive and make full application of market research methods, to make serious efforts

in attracting more talent to the industry.

Geographical circumstances often hamper the carrying-through of concentration, but in the last ten years the number of firms in the watch industry has diminished from 2,300 (employing 76,000 people including 5,000 foreigners) to 1,800 (employing 87,000 people including 15,000 imported workers). The increase in production has outstripped the development of rationalisation and new methods, as can be deduced from this increased labour strength in the industry. This reduction in the number of firms does not give a faithful picture of the reduction in the number of watch makes, which must be far greater. The whole Jura is strewn with factories specialising in the various components of a watch—dials, hands, casings, movements, or various processes such as plating, screw-cutting and die-making. Some of the factories are very small, not employing more than two or three workmen. Many of them are grouped in the "Ebauches S.A." concern. Their number is obviously far larger than the watch companies for which they act as contractors. The big firms, such as Omega, Roamer, Rolex and Longines make almost all the parts of a watch themselves, they have their own tool-making and development departments. The small, high-precision mechanical industry is viable in small units (as opposed to other high capital industries such as motorcars and chemicals) and this explains why the reduction in the number of firms has not been particularly drastic so far. They already pool their resources in basic research, which is undertaken in the world famous horological laboratory of Neuchatel. The Watch Federation disposes of a computer to help the smaller firms to optimise their methods. The Chamber of Watch Industries defines common strategy, lays down production norms, training standards, sustains a scientific and an educational commission and centralises information on the export markets. Its rôle is bound to increase greatly in the future and it may well assume an increasing part of the burden of research and development.

One of the most pressing tasks with which the Chamber of Watch Industries is faced is to canvass for the watch-making profession and make it more attractive. Ten years ago, there were 1,400 apprentices in the various speciali-

# The Swiss Observer

PUBLISHED TWICE MONTHLY AT

63/67 TABERNACLE STREET

LONDON E.C.2

Tel.: 01 - 253 2321

Telegrams: Paperwyse Stock London

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12 issues . . . . . 18/0

24 issues . . . . . 35/0

### SWITZERLAND & Elsewhere

12 issues Frs. 11.— or £1. 1. 0.

24 issues Frs. 21.— or £2. 0. 0.

Swiss subscriptions may be paid into

Postcheck-Konto Basle 40—5718

Editor's telephone: 01-602 1378

The picture prevailing in the minds of the youth of Neuchatel and the Jura who traditionally entered in the watch-making trade is that technological evolution has condemned the free, imaginative watch-maker of yore; that the invasion of electronics has led to tasteless and dull chain-labour, good for the non-qualified worker.

This is however only partially true. On the one hand, work has been greatly simplified and automated, on the other, it has become vastly more technical, a fact which the leaders of the watch industries are very keen to publicize.

The gloomy picture of the watch-making profession comes surprisingly from those who are engaged in it. During an enquiry in the Canton of Berne, 2000 people employed in the watch industry were asked whether they wished their children to start a watch-making apprenticeship: 62% answered negatively. They were asked whether, if they were 16-years old again, they would try to acquire a more complete formation: 60% said that they would. Asked whether they were informed of the various programs of continued formation, 30% said that they weren't.

What has happened is that countless workmen, many of them highly qualified, have been trained to do jobs which machines and unskilled manpower can perform today. A qualified man of 50 may be condemned to choose between a job that has become unqualified or train for an entirely new one. Thirty years ago one left school with a good training that was to secure a job and guarantee against unemployment for life. Today, no sooner has the apprentice left school that he is told go back to it again, for the rest of his professional life.

This is an intellectually exciting situation and the watch industry will spare no effort to make it known to all the youth who now tend to envisage anything but the work-bench of a watch factory as a place to unfold their ambitions. Technological progress has the particularity of calling for both more unqualified and highly qualified manpower, the intellectual rift between the two ever-increasing. Both are badly necessary. Today, thanks to imported labour and the preparedness of working-class wives to do chain-work, the Swiss watch industry's needs are just about satisfied in the former category. But the "Swiss watch's" future supremacy will rely entirely on the possibility of filling a speedily increasing number of highly qualified vacancies in time. As elsewhere, the shape of an industry has changed but its labour has lagged behind, a situation which could be very costly.

As is well known, thousands of "Swiss watches" usurp their description and it has been necessary for the Watch Federation to undertake a battle against those who make abuse of the Swiss name. To be "Swiss made", a watch must have its movement assembled in Switzerland, it must be wound up and

set in Switzerland, it must be controlled according to Swiss technical norms, its components must be Swiss to over half their value, excluding assembly.

A "Swiss made" watch may satisfy these requirements without having been produced by a Swiss factory, since many American companies have settled in Switzerland or have taken over Swiss companies. One important example of the latter case is Bulova, whose "Acutron" watch is flaringly advertised at Piccadilly Circus. American implantation has a bearing on the state of employment since many qualified people, trained by the home companies, are tempted to work for American watch firms. This is one reason why many watch industrialists would like Switzerland to limit her traditional liberalism, and put a bridle on foreign investments.

(P.M.B.)

## COMMENT

### SWISS HELP TO THE THIRD WORLD

The Federal Council has recently submitted a new investment-protection scheme to the Parliament's investigation. The idea is not new and had already been put forward, on a multi-lateral basis, by the World Bank and the OECD. If the Swiss scheme is applied, it will be the first time that national investments are nationally guaranteed. The Confederation would guarantee up to 500 million francs (taken from a special fund) of new investments for no longer than 15 years, subject to a number of particular conditions. The guarantee would not cover devaluation or depreciation of money, neither would it protect firms forced into liquidation. The protection is primarily aimed against nationalisations, blockage of profits and wars.

The Federal Council's move, in seeking to protect private investments, highlights the fact that it is these investments which make up for the bulk of Swiss help to the Third World. In fact, Switzerland devotes 1.49% of her gross national product to underdeveloped countries, a figure well above the 1% recommended by the Organisation for Economic Cooperation and Development (OECD), and putting the Swiss in first world position.

But, before we pat them on the back, we ought to examine this aid more closely.

Total aid amounted in 1968 to 1092.7 million francs, 1011 million of which came from private sources and 81.7 from public funds. Over 90% of the help then has a private origin, which contrasts with the help supplied by other well-off countries. For example, these countries supplied 7 billion dollars in 1967, 4.3 billion coming from official

ties of the watch-making trade; there are only 1,040 today, when the demand for qualified people is almost explosive.

In a few decades, watch-making has evolved from a winter-time, cottage occupation to a highly specialised industry. The complete watch-maker is a rarity today: he has been replaced by a dozen separate specialists such as adjuster, draughtsman, turner, electroplater, micromechanic and, in the higher spheres, technicians in microtechnics and horological engineers (a completely new breed of technocrats, of which there are twelve at present, a number to be multiplied sixfold in ten years' time).

The visit of a large and modern watch factory will show that the work performed there is 80% unskilled or semi-skilled. A lot of it, although mechanical and repetitive, has to be precise and thorough and is performed overwhelmingly by women who, as has been abundantly shown, particularly in the electronic industries, are better at it than men. General shortage of labour make the employment of women absolutely mandatory, and it is fortunate that their gifts coincide with the needs of the watch industry.

The trouble is that even women are leaving the work bench and finding more relaxing jobs outside industry, thus leaving vacant seats for imported manpower, which is less and less forthcoming. A cursory visit to a gleaming, ultra modern watch factory in Geneva has made me realise that, although the physical conditions of work it offered were ideal, the number of hours of work, the stringent schedule and the modest pay, which were the rule, would have been considered totally unacceptable by the average English worker. In a way, the watch industry can be thankful to the provisions that actually rule labour relations in Switzerland, and the fact that it has been spared with all "bloody-mindedness" so far.