gradual reduction of CCC holdings. By April 1, 1949, they were down to 67 million pounds—scoured basis, and to 17 million by April 1950.

Under the August 1947 act, wool prices to growers were supported at an average level of 42.3 cents. While relatively favorable in terms of percentage of parity in the war years, this advantage rapidly disappeared as prices of things bought by farmers rose. The parity percentage, 101 percent in 1947, dropped to 94 percent in 1948 and 1949.[17]

The Agricultural Act of 1949 (sec. 201)[18] made it mandatory for the Secretary of Agriculture to support the price of wool at such levels between 60 and 90 percent of parity as the Secretary determined necessary, to encourage an annual production of approximately 360 million pounds of shorn wool.[19] Wool thus became, and still is, the only agricultural commodity for which Congress has set a specific quantitative production objective. Since domestic production was far short of the legislative goal, the price support level was set at 90 percent of parity as of April 1, 1950, in an effort to encourage producers to raise production toward the legislative goal.[20]

Price-support operations under the 1949 act were being carried out by means of a nonrecourse loan program for producers of shorn wool, and through a purchase program for pulled wool. Domestic producers were supposed to be given an opportunity to market their wool in an orderly manner, through normal trade channels, and at prices not lower than 90 percent of parity. The nonrecourse loan program was designed to enable the producer by redeeming the loan to take advantage of any increase in market price to above the loan level plus carrying charges. But in the event the market price dropped below the loan level, the producer did not assume any liability. As long as market prices were below the support level, domestic wool thus was held off the market. In the meantime, however, domestic mills continued to meet their needs from foreign markets and domestic wool piled up in the hands of the Commodity Credit Corporation.[21] In September 1953, CCC had acquired title to about 100 million pounds of wool (grease), and 40 percent of all the domestic wool produced in 1952.

Price support arrangements on the 1953 clip were substantially the same as those for 1952, and prices to farmers likewise. While duty-paid prices on some grades of imported wools remained below domestic support prices, it was evident that a large volume of imported wools would continue to move to the mills, whereas domestic wool tended to go into stocks. These stocks not only were difficult to dispose of, but they also had a depressing effect on the market.

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[17] The parity price for wool is a national average of prices, on a grease basis, received by all farmers on first sales of growers' hands.

[18] "Wool Study Group Report," p. 38. See also Benedict, M. R., "Farm Policies of the United States 1790–1950," (New York 1953), p. 478.

[19] The appropriateness of setting a goal at the level is discussed below.

[20] The 1949 act also renewed the authorization for CCC sales at less than cost of purchase. This left the way open for continuing purchase of domestic wool at premium prices without building up excessive stocks in hands of the CCC. But if wool prices had fallen below the foreign price plus tariff, a continuous subsidy would have been provided.

[21] Between July 1, 1943, and June 30, 1952, the CCC lost $92.2 million on its various wool programs. Of this, approximately $26 million consisted of carrying charges, including storage costs, transportation, grading, etc. The balance of the loss resulted from the necessity of reducing selling prices below purchase prices in order to dispose of the wool, and was the largest loss incurred on any storable agricultural commodity in that period.