In such periods of incipient prosperity the wool tariff has been most effective as a means of price support.

Some of the high duties on wool under the 1930 Tariff Act were subsequently reduced by bilateral agreements with Argentina, Uruguay, and the United Kingdom. Under the Trade Agreements Act of 1934 these concessions were granted to all other countries. The General Agreement on Tariffs and Trade of 1948 reduced rates on wool in general by 25 percent. This was the last overall reduction. The current (1957) duty on grease wool finer than 44's is 25½ cents per clean pound.

The tariff is generally more effective in supporting wool prices to domestic producers when prices are low than when they are high. With duties on raw wool at a fixed rate per pound, less protection is afforded domestic producers as wool prices increase. Similarly, protection in terms of growers' purchasing power becomes relatively less as the level of prices of things growers must buy rises.

Although the tariff on wool has tended to maintain prices of domestic wool higher than world market level, imported wools generally command a premium over domestic wools of same grade because of uniformity and better preparation, which in turn lowers processing costs for woolen manufacturers.[27] Greater processing costs because of sorting before use constitutes the most important single price disadvantage of domestic wool vis-a-vis foreign wools. This disadvantage neither tariff nor price support programs have been able to eliminate.

There still remains to be mentioned the relation of tariffs and other import restrictions to the various price support programs for wools.

A price support program, particularly one that involves Government purchase at a price higher than the prevailing world market price, cannot operate successfully unless the influx of foreign goods is controlled in some way so as not to swamp the domestic market. This purpose is served by the mechanism established under section 22 of the Agricultural Adjustment Act.[28]

With regard to wool, the Department of Agriculture in recent years recommended on two occasions that import quotas or higher tariffs be imposed under section 22.[29] On the second investigation the Tariff Commission [30] recommended imposition of an import fee of 10 cents per pound of clean content, but not more than 50 percent ad valorem on imports of the specified wool, and imposition of an 11¼ cents fee on imports of carboned wool and wool tops—both fees in addition to the duties levied under the 1930 Tariff Act. The recommendation was based on a finding by the Commission's majority that increased imports of wool constituted material interference with the wool price support program in general, and specifically with the program as it

[27] Most imported wools are skirted, classed and packed for shipment in compressed bales. Domestic wools, however, are packed in bags as they are shorn, and are sold with little or no further preparation.

[28] First enacted 1935 (49 Stat. 773); reenacted 1937 (50 Stat. 246).

[29] On the first investigation, begun by the U.S. Tariff Commission in September 1952, no recommendation was made because the price-support program for wool in effect when the investigation was ordered, had ended in April 1953.

[30] U.S. Tariff Commission, "Report to the President: Wool, Wool Tops, and Carbonized Wool," investigation No. 8 under sec. 22 of the Agricultural Adjustment Act, amended, Washington, D.C., February 1954 (processed). The President's letter is dated Mar. 4, 1954.