been provided by an effective tariff, the situation for 1955 would have been as follows: Mill consumption was 286 million pounds, clean basis, whereas domestic consumption was 134 million pounds, with imports of 152 million pounds. A 40-percent duty increase, if allowed to raise the domestic price of wool accordingly, would have brought consumption close to the amount of domestic production by helping wool prices itself out of the market. This would have meant that even with a small volume of imports the new higher wool tariff could not have increased returns to domestic producers any further, had sales fallen off for other reasons, such as competition from synthetic fibers, for example.[44]

While the incentive program for wool thus not only provides better protection for wool than a tariff, wool growers under the forward pricing arangement also are assured of more stable prices than would prevail if the traditional principal reliance on the level of tariffs has been continued, because growers can adjust their production to the prices as set.

The forward pricing element of the Wool Act appears to be the only useful item for a readjustment program for wool which aimed at encouraging a shrinkage in the domestic wool growing industry, with transitional assistance. The major obstacle to such a program is the production target in the present act which is set uneconomically high. Evaluation of this target involves first a consideration of the defense essentiality of the domestic wool industry.[45]

DEFENSE ESSENTIALITY OF WOOL GROWING VERSUS STOCKPILING

The goal of 300 million pounds of shorn wool established by Congress in the National Wool Act of 1954 is slightly below the level of domestic produciton in the years before World War II.[46] Excluding pulled wool, it would represent about 132 million pounds of scoured wool, or about 30 percent of domestic consumption of wool during 1950–53.

Does this 300 million pounds production goal make sense economically? There is no clear basis for deciding how much wool should be produced at home. Production levels under both the 1949 and the 1954 acts (360 million and 300 million pounds) were selected arbitrarily, although some attention was paid to past performance. But at no reasonable level of prices can domestic wool production be increased sufficiently to supply U.S. needs in wartime or in periods of high domestic demand, such as during 1945–55. This country must, therefore, count on heavy supplies from abroad at all times, except possibly in periods of very low business activity.

To increase domestic wool production to a level of self-sufficiency, even if achievable, would result in enormous oversupplies and price

[44] The realization of this advantage, although never hinted at in public debate, may have been one of the reasons why the congressional delegations from practically all the wool-growing States, with the sole exception of Idaho, were solidly behind the wool incentive program when it was being debated in the spring of 1954. In the fall of 1956, woolgrowers tried to persuade the Secretary of Agriculture to have the incentive level raised from 62 cents to 67.5 cents, but did not succeed in doing so.

[45] The goal has not been altered in the 1958 act.

[46] Shorn wool production was approximately 300 million pounds per year in 1909–11, but was beginning to fall off just prior to World War I. It passed the 300 million pound mark in 1928, and moved up fairly steadily to 388 million pounds in 1942. During most of this period, except in the years 1930–32, wool prices were more favorable than those of most other farm products.