

gluts even in ordinary times. The wool industry can be more stable—and stability, rather than higher production, would seem to be the most desirable objective of wool legislation—if fluctuation of demand and production can be absorbed by the very extensive world market, rather than artificially confining them to the domestic market. Except for a minimum supply, Government and domestic consumers of wool can be supplied more economically by the low-cost producers of Australia, New Zealand, and other supplying countries, than by our own wool growers.

The Joint Economic Committee a few years ago attempted to establish a set of criteria for the treatment of industries requesting special treatment in the name of national defense needs.⁴⁷ It was found that only in a very limited number of cases would the balanced assessment of all factors reveal need of special treatment of a few industries for the sake of defense. And if these were industries whose manipulation would have international repercussions, the alternative means to aid these industries should be weighed carefully in each individual case. The committee ruled out tariff and quota increases and suggested assistance in the form of stockpiling of durable items not subject to obsolescence,⁴⁸ as well as subsidies, and expanded research and development.

For wool, in order to achieve the protection afforded by the legislative production goal of 300 million (in the face of the stated intention of the 1954 Wool Act, that the method of support adopted there "have the least adverse effects upon foreign trade"), opponents of the measure had to argue that wool was a strategic material,⁴⁹ that requirements for it rose sharply in wartime, and that then the supply of imported wool, most of which must come by sea over long distances, could be cut off.

These arguments are not supported by this country's war experience.⁵⁰ Very large military requirements were met without serious difficulty, from current imports, and only moderate and perhaps unnecessary restrictions were imposed on civilian uses of wool. In fact, a large part of the domestic clips accumulated in the hands of the Commodity Credit Corporation between 1943 and 1947 when it purchased domestic wools at OPA ceiling prices, well above the prices for comparable imported wools. It was on the postwar sale of these stocks, mostly for export, that most of the loss sustained by CCC on wool operations was incurred.⁵¹

Moreover, in recent years, new types of man-made fibers suitable for blending with wool, have been developed. High prices for wool, particularly in the United States, have stimulated this development. Since the output of such fibers can be readily increased, the risk of severe shortage in wool has been reduced.

It is true, however, that large armed forces require huge amounts of more or less specialized woolen goods. And it is also true that military requirements may rise sharply on short notice after the outbreak

⁴⁷ "Defense Essentiality and Foreign Economic Policy" (S. Rept. No. 2629, 84th Cong., 2d sess., Washington, D.C., 1956), p. 11. The report was an outgrowth of a series of hearings by a subcommittee investigating the defense-essentiality of the jewel watch industry.

⁴⁸ *Loc. cit.*, pp. 29-30.

⁴⁹ See, e.g., Randall Commission, "Staff Papers" (1954), pp. 184-5.

⁵⁰ Benedict and Stine, *op. cit.*, p. 338 et seq.

⁵¹ See above.