consumption of wool, resulting from reduction in the price of foreign wool to mills in the absence of a tariff, would tend to set a limit to any price reduction in domestic wool.[56]

The income support program under the Wool Act fulfills the stated intention of Congress in the foreign economic sphere only to the extent that it has stabilized the tariff situation existing at the time of its passage, comparatively favorable to the domestic wool industry.[57] However, by virtue of setting up an uneconomically high production goal and granting growers correspondingly high incentive payments, the act in effect provides better protection to domestic growers, but its provisions are not really designed to attain freer trade. The Wool Act, nevertheless, does contain certain elements that would be useful in connection with a program of assisted readjustment of the wool growing industry in the event of a lowering of trade barriers, particularly after the defense-essential production goal had been cut down or eliminated.

A PROGRAM OF ASSISTED READJUSTMENT

The first step in a program of assisted readjustment for the wool growing industry would have to be a substantial downward revision if not elimination of the production goal as specified in the Wool Act.

It is an established fact that wool can and actually is being stockpiled. With an active stockpiling program, greater latitude is gained for determining the optimal capacity of a given defense-essential industry. In the case of woolgrowing, this circumstance provides the possibility of reducing the present production objective considerably. For purposes of this discussion, it will be assumed that the production goal is cut in half, to 150 million pounds shorn wool.[58]

With a lowered production objective, woolgrowers should be able to quit the industry in an orderly manner, as and when competitive imports increase as a result of a trade liberalization. Even without assistance, such an exodus would not necessarily create undue hardships for all growers. As has been noted earlier, many growers have set a precedent to this movement out of wool, especially during the war years, when a shift to cattle raising became profitable. In the Eastern (or native) States, moreover, sheep raising has always been only one facet of the diversified agriculture practiced there, and operators consider sheep raising not as a major enterprise. This situation leaves the Federal Government, in administering the readjustment assistance program, with the problem of devising and putting into operation methods and means to help increase the efficiency of growers who cannot readily shift to other pursuits, or are located in areas where other types of land utilization would be uneconomical.

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[56] The effect of the present tariff is to make wool more costly to manufacturers (though not necessarily by the full amount of the duty) and to make apparel and other woolen goods still more costly to consumers, as well as to the Government on purchases for military requirements. The president of the Boston Wool Trade Association in 1953 estimated the yearly cost of the tariff to consumers of woolen goods, taking 1948–52 as an average, at $240 million, as compared with customs revenues of $100 million per year, and gains for domestic wool growers, resulting from protection afforded them, at $30 million annually. (See New York Times, Nov. 18, 1953.) If the indirect subsidy to synthetic fabric producers had been included in this figure, its cost would be even higher.

[57] The stated objective of the act, to cause the "least adverse effect upon foreign trade" thus becomes illusory, and ancillary to the production objective.

[58] This reduction admittedly is a matter of judgment, though it appears to be plausible in view of the industry's past history.