

Agricultural producers in general, when threatened by increased competitive imports, enjoy less flexibility than producers and workers in manufacturing industries. For this they are being compensated, at least to some extent, by the farflung system of agricultural support. In the case of woolgrowing, the program in recent years has consisted of incentive payments to growers. With the lowered production objective, which would decrease the cost of supplementary income payments, there would seem to be no objection to continuing moderate price supports, satisfactory from a technical standpoint, while the readjustment assistance program is in operation.⁵⁹

The purpose of the readjustment program would be to help liquidate unwanted flocks, to provide loans for operators wishing to switch to other agricultural or nonagricultural pursuits, and to furnish them with competent technical assistance in speeding them on their way.

Assistance for adjustment to increased import competition differs basically from compensation for injury.⁶⁰ Adjustment assistance is intended to increase flexibility and mobility, not as a reparation tribute. Greater flexibility and mobility are desirable in themselves, entirely apart from reductions in import barriers with which the assistance proffered happens to be associated.

Adjustment assistance also can be made preventive rather than merely remedial. It can be made available to those who merely are threatened with injury so that they may act before injury occurs. This line of reasoning would suggest that adjustment assistance for woolgrowers be provided on an optional basis, alongside a moderate price support program. But while the industry and operators initially can choose to adopt the program, once they have elected to take advantage of readjustment assistance, they must not be permitted to revert to their old practices.

Wool is not a surplus commodity. However, any increase in the price of wool, whatever its cause and irrespective of any tariff change, is limited by the availability of substitutes in the form of synthetic fibers, in pure form or in various admixtures and combinations. On the other hand, pure wool is preferred in many uses, when there is no significant price difference between wool and its substitutes. Generally speaking, the prices of the substitutes appear to be relatively stable, with a slight downward tendency as the efficiency in their production increases. The major problem in wool, though, is that of price instability, caused by a variety of factors, foreign and domestic. A moderate support program would appear to be necessary to protect the growers electing to stay in wool from being penalized as the result of their choice, but not make it excessively attractive for marginal producers lest they refuse to participate in the adjustment program. With fairly stable prices, competitive with prices for substitutes, and with the industry cut down to reasonable size, unhampered by mistaken considerations of defense essentiality, a fair return to woolgrowers would be assured.

⁵⁹ A conflict could arise here between the two types of governmental intervention, adaptive—the readjustment program, and sustaining—the traditional price or income support programs. Abolition of the latter in the case of wool is clearly out of the question without also radically altering the support programs in force for other crops. The scope of the present study did not provide opportunity for further examining this problem.

⁶⁰ See statement by Walter S. Salant, Brookings Institution, in "Foreign Trade Policy," hearings before the Subcommittee on Foreign Trade Policy of the Committee on Ways and Means, House of Representatives, 85th Cong., 1st sess. (Washington, D.C., 1958), pp. 577-578.