In carrying out such a support program (of a temporary nature) it would be preferable to retain the system of supplemental payments in force now. Under this system the Government exerts no direct control over prices, as it does under a loan program, where schedules of prices have to be set. Government purchase under a loan program also means Government appraisal. Under a payment program, no appraisal of stocks is necessary: the Government merely accepts the grower's valid invoice of his sales as basis for computing the payments required under the program.

With a lower production goal the adjustment assistance then would be by supplementary income payments over a transition period. In setting the level for these supplementary payments (assuming a moderate support price program to be continuing), the administering authority would have to be concerned with the relative prices of substitutes and potential substitutes for wool, as well as with world prices.[61] The support program could and probably would be eliminated, once adjustment of the industry to a greater volume of imports has been accomplished—that is to say, after 3 to 5 years following the inception of the program.[62]

Additional assistance measures would include research to increase the efficiency of the sheep industry itself.[63] A number of fields of research which offer promise as ways of increasing the efficiency and profitableness of the sheep industry has been described by the Interagency Wool Study Group.[64] These include more effective control of parasites and infectious diseases, nutritional problems, improved breeding, range improvement, control of predators and so on. The wool study group also outlined a number of promising fields of study in the marketing and processing phases of the wool industry, including those which would make wool fabrics more attractive to consumers and thereby check the shift to substituted fibers suited for similar purposes.[65]

THE COST OF TRADE ADJUSTMENT

The cost of an adjustment assistance program for wool must be considered in conjunction with the moderate price support program which is bound to accompany it, plus the cost of maintaining the wool or woolen stockpile required by the lowered production objective. The support program alone would be considerably less than what it has been in the past several years, even if income payments as pro-

[61] The world market for wool would make it necessary to retain some form of import restriction as long as a support program continues in operation, even of moderate proportions. This would not be the case, however, with an income-payments program that does not jack up prices. Otherwise the American taxpayer would have to foot the bill for coping with market difficulties faced by other woolproducing areas.

[62] To assume immediate or even gradual elimination of price supports for wool would complicate matters at this stage of presentation and distract from the main object of the present inquiry.

[63] At the end of a 20-year period ending in 1953, the sheep industry among other agricultural pursuits, stood at the bottom of the list in terms of improvements in production per unit of input: Output per unit of input on sheep ranches in the Northern Plains area in 1953, 5 percent lower than in 1930–33, in comparison, e.g., with small-grain and livestock farms in the same area which showed 69 percent increase. See "U.S. Agriculture: Perspectives and Prospects," a report prepared for the American Assembly, Graduate School of Business, Columbia University, 1955 (cited by Benedict and Stine, op. cit., p. 358).

[64] See its report, pp. 44–53.

[65] The study group's proposal for an expanded and improved program of public relations and promotion was incorporated in the 1954 act, and funds were specifically set aside for that purpose.

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