Because of the tendency for wool prices to recover as soon as pipeline stocks have been used up, stabilizing purchases may not involve much loss, provided they are handled so as to ease the impact of large but temporary fluctuations in demand rather than as a method of keeping prices continually above their open-market levels.[70] But because of the predominant influence of change in demand in the wool market, some standby arrangements for the absorption and holding of temporarily redundant supplies would be important, especially when wool price supports were being lowered, as they would be in an adjustment program.[71]

But the cost reported by the CCC does not reflect the full cost to the public of contributions made to wool producers under the support program prior to 1955, and by way of the trade restrictions prior to 1948. It has been estimated[72] that wool producers through tariffs alone in ordinary times were getting an annual subsidy of about $25 million—or 20 cents per pound on 130 million pounds, clean basis. As a result of a trade liberalization in conjunction with an assistance program, this subsidy would be correspondingly lowered. The reduction would constitute a further gain to the consumer, and a further benefit to be derived from the adjustment.[73]

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[70] Wools acquired in that way must usually be held for more than a year and worked off gradually. Consequently this type of operation would be difficult to handle under the financing arrangements customarily used by cooperative and other selling agencies, whose primary interest lies in carrying out orderly marketing within the production year. For a brief survey of CCC operations in wool, see Benedict and Stine, op. cit., pp. 364–366.

[71] The overall cost of wool operations as reported by the CCC for the period Oct. 17, 1933 to Dec. 31, 1957, was $113,829,214, an average of about $4.8 million per year. (See Commodity Credit Corporation, "Report of Financial Conditions and Operations," Dec. 31, 1957, p. 31.) It should be noted, however, that not all years had a support program, and except for the higher tariffs before 1948, the level of support for wool was lower than it has been in recent years.

[72] Benedict and Stine, op. cit., p. 366.

[73] In view of the illustrative nature of the discussion, no attempt has been made to estimate the actual cost of adaptive intervention in wool growing. Further investigation into this question would be very desirable.