had to announce certain changes in cutback, because of problems domestically in the import of cheese. We couldn't go into that area. We were quite frank. Then they came back time after time and said, why can't you negotiate in the agricultural area of the greatest interest to us. And we had to say that each country in agriculture does have problems. They are more difficult than in industry, because they are related to farm income, and varying elements such as that.

So all I can say, Senator, is that in this area all the countries—I am not talking only about the Community and the United States—made a very substantial first step. But it is only a first step.

Senator MILLER. One more point. In connection with the wheat price the point was made that the wheat price would range from, well, a minimum of $1.80. Another criticism I hear was that this was meaningless because the world price at gulf ports is substantially over that. What is your answer to that?

Mr. ROTH. Senator, finding the right mean price, which came out at $1.73 U.S. No. 2 Hard Winter at the gulf, was a very difficult one. The other exporters, and the Canadians in particular, having in mind advance contracts with markets other than those we serve—the Soviet Union, China—were interested in as high a price as possible. So were many of our producing groups; $1.85 is where we started in the negotiations with the others, which was a price much too high principally for the Japanese and the United Kingdom, and even for the Community. And so we realized that this would be a price that we might have to lower.

On the other hand, the U.S. grain traders felt that we should increase the price as little as possible, because too high a price would undermine U.S. competitive position.

So we had to find a price in the proper range.

I would like to add that when we first began talking to the exporters about a minimum price, we tried to develop a rather rigid mechanism that would protect that minimum when the price fell that low. And we came basically to a kind of sharing-the-market concept. Many farm groups had great trouble with this, and certainly the grain traders did, too. So we threw that out. Now we have a consultative mechanism under the agreement which operates when you begin to approach the minimum price. But it is a much more flexible arrangement.

I am sorry to be so long in explaining what our thinking is. This position developed over almost a year and a half, in close consultation both with producers on one side and the grain traders on the other.

Senator MILLER. I can see and understand that this is a complex matter, and that it would be something that would require a lot of weighing of fact. My only point is that I am not able to see—and I must agree with the critics on this point—I am not able to see any particular advantage to the American grain farmer of having a $1.80 per bushel world price when the world market is now at $1.83. It may be that the market will go down and the $1.80 had been helpful, but nobody knows that. And I think that the statement that this was a great boon to the grain farmer, especially the wheat farmer, may be a little euphoria. I just want to get this thing in perspective. And I cannot reply to the critics right now by saying, oh, well, maybe the