

made the same statements more or less in the same line of thinking as Dr. Gray's today, that excessive speculation or volume trading is not detrimental as far as the action of the market or the type of the market or the dips and curves are concerned. Our fear is in the light of limited speculation or light trading, thin markets.

We have gone on and stated in section 3 of our statement where the Federal Reserve System is asked to prescribe the regulations—this matter has been done by our board for some 90 years, 45 years not under regulation and the last 45 years under the regulation or the supervision of the Commodity and Exchange Authority. We further state too that margin levels are set by our board of directors and that, in addition, our business conduct committee supervises and observes the regulations and rules pertaining to margins and the conduct of our members thereto.

In the fourth part of our statement we refer to the inflating of consumer prices, and we submit that in excessive speculation, and again we call it volume trading, that this does not have a tendency to inflate consumer prices. In fact, it has just the reverse; it does just the opposite.

We draw for you an illustration of what would happen if there would not be volume trading or speculators in operations of futures markets as we know them today wherein buyers and sellers—they are speaking of buyers and sellers of the grain firms, processing firms, exporters and such within our industry—would have to build into their price factor the risk that they now have assumed within the futures contract itself.

We believe that without the trading, and if the trading would be limited by excessive margins, that the consumer's prices would be inflated and that the producer's prices would be deflated.

Further than that, Madam Chairman, the whole statement itself tells our story.

I would like to mention to you and your committee a recent operation within the commodity markets, and especially the Kansas City market as it pertains to wheat.

Last Friday, and again up through the marketing session of this past Monday, one of the flour businesses was conducted—in fact, the major flour mills entered into contracts with the major bakeries in the United States up through December 31, 1967. This is a sizable forward contract as it pertains to volume. The market's reaction was fantastic, it was extremely accepted and it absorbed all of the volume that was done at our market as of Monday and it closed a cent and a half lower than where it had been on Friday. This afforded people to do volume business in the future without upsetting the market.

Please visualize what would have happened if the market had not been there—the futures market had not been there for this operation and if the buyers and sellers would have to meet to consummate business that would project itself into the next 4 months.

Thank you very much.

Mrs. SULLIVAN. Thank you very much, Mr. Theis, your full statement will be inserted at this point.