

price. That is pretty clear. Now, the \$64 question seems to me is, will that ever affect the price at time of delivery?

Mr. GRAY. Typically not.

Mr. BINGHAM. Why not?

Mr. GRAY. In the illustration I cited earlier what was the excessive and manipulative in one contract in 1959, the ultimate effect on the price of cash wheat was that a small proportion of the total amount of wheat was delivered in satisfaction of these contracts. That being the case, the prices on those contracts was too high—to the same extent that the futures pricing had gone too high.

More usually, in the event of excess speculation in futures this would I think correct itself before maturity and would not usually culminate in delivery at those prices, though this would vary from case to case.

I really also feel, sir, that the key question here is to the extent or frequency of excessive speculation and there again most of our evidence suggests that with the futures markets, a more precise job of pricing is done, because you have brought all the supply and demand forces to bear at one place in determining this price you have and you have an improved opportunity for getting the correct prices established.

Mr. BINGHAM. What if anything does the Commodity Exchange Authority have to say about this?

Mr. CALDWELL. The Commodity Exchange Authority has nothing to do with margins at the present time.

Mr. BINGHAM. Before yielding back my time, I would like to express a welcome to those gentlemen who are here from New York City. These markets do play an important role in the financial life of the city, and I thank them for appearing here today.

Thank you, Madam Chairman.

Mrs. SULLIVAN. I have a few question that I would like to ask.

First, one of the witnesses—Dr. Gray—recommended placing all of the agricultural commodities under regulation. Do all of you gentlemen favor placing the additional agricultural commodities under regulation, and also would you approve some similar type of regulation for nonagricultural products? Is there anyone that objects to placing all commodities under some form of regulation?

Mr. RHODES. I wouldn't say I object. I think it is highly questionable whether commodities that are grown entirely in foreign countries and traded on foreign futures markets can logically be put under supervision in this country.

Mr. WATTS. The New York Mercantile Exchange finds no fault with regulation by Commodity Exchange Authority. We welcome it.

Mr. BROOKS. As you added the commodities to the responsibilities of the Department of Agriculture, and you get away from agricultural forestry products and as the volume of trade, because of the economic situation, seems to increase, there comes a point in our judgment where the Congress might well look at establishing an independent regulatory agency—call it the Commodity Exchange Commission—divorced from a commission composed of Cabinet members—not unlike that established in the securities field—but you have to look at this only when you get to the point in our judgment, are these commodities peculiarly agricultural or forestry?

Mrs. SULLIVAN. Mr. Watts, what in the world makes bags of 1,000 circulated or uncirculated silver dollars proper items for futures