No compelling public interest existed during World War II to require the Government to attempt to govern the margin requirements necessary to contract, as a speculator, for the purchase or sale of commodities for future delivery. It was not until April 1946 that the OPA attempted to exercise such authority. At that time this agency decreed that margins on new speculative trades in cotton futures should be $50 a bale on transactions based on a price above 28 cents a pound. If news stories describing the promulgation of this order are accurate, the then Secretary of Agriculture signed the order after he had been "ordered by Economic Stabilizer Bowles to sign it." Mr. Bowles at that time stated as the reason for the order "the prevention of further speculative rises in cotton." Why he then had to order the Secretary of Agriculture to sign is conjectural. The order to sign may have been required because the then Secretary of Agriculture believed then, as we do now, that it is not necessary but rather harmful and dangerous for the Government, through the exercise of control over margins in speculative contracts for future delivery, to interfere with the mechanism of free, open, competitive markets, and that attempts to control prices through this interference will not work.

It is significant that shortly thereafter, and before the decree became effective, Congress repealed the law under which the decree issued.

This decision of Congress to remove (from the control sphere of the Government) control over margins was undoubtedly a decision based on full consideration of the merits of the question whether the Government should have authority to set margins on future transactions in commodities. Whatever the Congressional reason then, it is obvious that in view of subsequent legislative events Congress has been consistently convinced thereafter that there was little or no merit in the request that the Government should have this authority.

In 1947 the Joint Committee on the Economic Report held extensive hearings on prices throughout the country and in Washington. During these hearings people connected with all segments of those industries that make use of futures markets testified on the operation of those markets. They explained the operation of those markets; the function of the speculator; the contribution he makes to a market's liquidity, the use of markets, in view of their liquidity, by producers, handlers, processors, exporters, and others, in buying, storing, processing, and exporting to insure inventories; and how, in view of these uses, sellers of the Nation's grains are not left to the mercy of a few or a single buyer; and buyers of the Nation's grains, as it moves from production into consumption, are not left to the mercy of a few or a single seller.

All opposed the suggestion that the Government should be granted the authority to set margins on speculative transactions. At that time, as now, the proponents of the suggestion stated that this authority was needed to prevent excessive speculation by small nonprofessional traders. They agreed then, and they agree now, that futures markets, including speculation, perform an economic function in moving crops for, by them, hedging is possible. They agreed then, and seem to agree now, that speculation is a stabilizing force and that its presence in open regulated marketplaces "focuses all of the forces that affect price in one place where everybody can see it."

Since that date responsible Committees of Congress have studied proposals to grant control to the Government to set margin requirements in connection with trading in commodity futures contracts.

Iu February 1948 the Senate Committee on Agriculture held hearings on a bill which, if enacted, would have granted margin control authority. Hearings on this bill (S. 1881, 80th Congress, 2d session) extended over four days with a number of witnesses from the administration, the farm groups and industry interested in futures trading, appearing before the Committee. This Senate Committee after hearings and study of the testimony produced at them, took no action.

In the 81st Congress, companion bills, H.R. 4685 and S. 1751, embodying the same proposal, were referred to appropriate committees.

Neither bill was reported.

A Subcommittee of the House Committee on Agriculture was named to study H.R. 4685 and conducted an investigation into the operation of commodity exchanges. Thereafter this Subcommittee recommended that no new and additional regulation of commodity exchanges appeared necessary.

In 1950 and 1951, in connection with the Defense Production Act and its extension, the House and Senate Committee on Banking and Currency considered proposals to grant to the Government authority to set margins in connection with