have much effect on the price of the actual commodity because the day of reckoning comes in futures markets, from four to twelve times a year, when the commodity must be delivered and must be received by those speculators who remain in the market. In the delivery month, the price of the future becomes the price of the actual commodity, which price is established by the natural forces of supply and demand.

Your Chairman has stated that H.R. 11601 contains many provisions for the protection of consumers. There does not seem to be any reason why Section 207 should remain a part of this bill when so much doubt has been cast upon the efficacy of governmental controls over commodity futures margins as evidenced by last year's hearings on the Department of Agriculture's bill to control margins.

Mrs. SULLIVAN. We will place in the record at this point a letter from the New York Produce Exchange and statements filed by the New York Coffee & Sugar Exchange, Mr. Robert L. Martin, chairman of the Chicago Board of Trade and others interested in section 207 of H.R. 11601.

(The material referred to follows:)

NEW YORK PRODUCE EXCHANGE,
New York, N.Y., August 11, 1967.

Hon. LEONOR K. SULLIVAN,
Chairman, Subcommittee on Consumer Affairs of the Committee on Banking and Currency, House of Representatives, Washington, D.C.

DEAR MRS. SULLIVAN: This will acknowledge receipt of and thank you for your letter of August 1, 1967 concerning H.R. 11601, the Consumer Credit Protection Act, and particularly Sec. 207 thereof.

Mr. William F. Brooks, President of the National Grain Trade Council, of which this Exchange is a member, plans to appear before your Subcommittee and will present the viewpoints of the Council which we, of course, endorse without reservation, and he will therefore also be presenting our position on Sec. 207. In addition to Mr. Brook's testimony and statement we submit the following statement for the record of your hearing and refer solely to Sec. 207 of H.R. 11601:

> We are opposed to Sec. 207 and we urge in the strongest possible terms that it be deleted from the Bill.

Sec. 207 would vest in the Federal Reserve System certain powers "For the purpose of preventing the excessive speculation in and the excessive use of credit for the creation, carrying, or trading in commodity futures contracts having the effect of inflating consumer prices . . . . .".

Excessive speculation in commodity futures contracts has already been declared by Congress as an undue and unnecessary burden on interstate commerce and the Congress has vested exclusive authority in this area in the Commodity Exchange Commission, specifically by Section 4a of the Commodity Exchange Act as amended. The Commodity Exchange Act and the regulations issued thereunder provide ample authority for such regulation as is deemed necessary in compliance with the Act by an independent agency of the Government composed of persons far more knowledgeable in the field of commodity futures marketing than are those who are officials of the Federal Reserve Board. We refer to recent testimony before your Subcommittee by Mr. J. L. Robertson, Vice Chairman of the Board of Governors in which he states in effect that the Federal Reserve does not have the knowledge or expertise to regulate margins on commodity futures transactions.

On the other hand the Commodity Exchange Commission and the Commodity Exchange Authority, having been vested by the Congress with the responsibility as indicated above, have frequently in the past issued orders fixing speculative trading position limits covering various commodities.

You will note that the authority given to the Commission resulted in action related to trading and position limits and not related to margin controls. The reason we believe is obvious. Trading and position limits may be fixed specifically for specific purposes which on the other hand margin controls affect every person or organization making transactions in commodity futures. Margins should therefore be set in the light of their purpose which is in the nature of a payment for a contract for future delivery, not a stock or a cash commodity, as a protection against price depreciation or appreciation as the case may be.