

FOR IMMEDIATE RELEASE

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Office of the White House Press Secretary
(Des Moines, Iowa)

THE WHITE HOUSE

STATEMENT BY THE PRESIDENT

I am pleased to announce that I have signed into law H.R. 13113, the Commodity Futures Trading Commission Act of 1974.

This act will provide the first major overhaul of the existing Commodity Exchange Act since its inception by establishing a new regulatory structure to apply to all commodity futures trading. This is an objective which I fully support.

This legislation was prompted by increasing concern that Federal regulation of commodity futures trading is too narrow in scope and that the present regulatory system is inadequate. In the past few years, the Federal Government has disposed of large accumulations of minerals and agricultural commodities. But present stocks are not large enough to stabilize prices. The recent market situation has been characterized by widely swinging prices. The futures markets have become increasingly important to our marketing system -- with the value of futures trading now totaling \$500 billion annually.

The increased trading has attracted more speculators and vastly increased the potential for unethical and illegal practices. This has resulted in failures of financial firms and losses by innocent investors.

Consumers also have suffered since the gyrations of the futures markets have, in some cases, driven up prices to consumers.

It is important that futures trading take place under conditions in which traders and the public have full confidence in the system. This new law is an important step in this direction.

Unfortunately, in passing an otherwise desirable bill, the Congress has incorporated three objectionable provisions which would enable the new Commodity Futures Trading Commission to compromise traditional Executive Branch functions. I find these provisions unacceptable as well as being unnecessary for the effective operation of the Commission.

The first one would require the concurrent submission of Commission budget requests to Congress and to the President or to the Office of Management and Budget. This would in effect undercut the provisions of the Budget and Accounting Act of 1921 which requires the President to submit to Congress a single coordinated budget. It also represents a retreat from my goal of reduced federal spending, since it will make it more difficult for me to review all requests for federal spending in advance of submission to Congress.

Second, as with the budget requests, it would require concurrent submission of the Commission's legislative proposals. If extended to other agencies, such a requirement would make it difficult for me to develop and present to the Congress a coherent, coordinated legislative program.

Third, the Commission is empowered to appoint an Executive Director by and with the advice and consent of the Senate. This raises serious constitutional questions, by providing for an Executive Branch appointment in a manner not contemplated by the Constitution. This encroachment on the separation of powers can easily be corrected by deletion of the request for Senate confirmation of the Executive Director.

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Nevertheless, because of the need for better regulation of commodity futures trading, I have signed H.R. 13113, notwithstanding my strong objections to these three provisions which erode necessary Executive control. I will submit to the Congress legislation which would correct these three provisions and I will strongly urge its passage during this session of the 93rd Congress.

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