



Commodity Futures Trading Commission

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Statement

“Our Progressive Discovery”

Opening Statement of Commissioner Bart Chilton before the Agricultural Advisory Committee (As Prepared for Delivery)

July 29, 2008

Thank you, Mr. Chairman. Also, thanks to all our staff who worked to organize today's meeting, and to those who prepared the data and analysis for our review and discussion. We have a full agenda, so I'll be brief.

The respected philosopher Will Durant said, "Education is the progressive discovery of our own ignorance." Today's robust agenda will, at least in part, provide additional information and help to educate each of us.

But what do we do when we aren't sure about the information, when there are multiple ways to collect, analyze and interpret it? When the process of learning—and thoughtful, collective decision-making—is impeded by politics? Smart people disagree, for example, about the impact of these new passive long speculators on commodity markets, and the political process has unfortunately further clouded this already complicated issue.

Each of you, as Advisory Committee members, brings with you important perspectives, and I look forward to our dialogue and education with an eye toward clearing away some of the cobwebs surrounding these issues. We need to recognize, however, that sometimes the outcome of a good education is the acknowledgement that we just don't know it all, that we need additional resources, external experts if you will.

Durant, I suppose, might determine that to be the ultimate in education, one needs the ability to embrace continued study and learning at ever-higher levels, to secure an independent, unbiased view from the best and the brightest.

So today, among other questions I have for you in your capacities as Advisory Committee members, I pose this question. Based on what you are observing—the extent of the emerging disagreement and the nature of the stakes for consumers as well

as for market participants—do you think that we should convene the equivalent of a non-partisan, blue-ribbon panel to examine this question of passive longs and whether there is a speculative bubble? Given the nature of the debate, would it be helpful to secure an independent, unbiased assessment of the market dynamics from the best and brightest in academia?

One caveat. Do I think we should study the question exhaustively and not take any action until we know the results? Absolutely not—to the contrary. I am supportive of legislative efforts like the bipartisan bill approved last week by the House Agriculture Committee. It allows us to get more information right now. It provides us with appropriate discretion and regulatory tools to act when we detect market issues that are impeding true economic price discovery.

In addition, it seems like this is a good time to welcome peer review of the “interim report” released last week by the Inter-Agency Energy Task Force. For any enterprising economists, the report document can be found at cftc.gov. Any thoughts that people have on this, I’m sure we all would welcome.

It seems to me that we are in this for the long haul. I am inclined to agree with Durant. We should progressively educate ourselves of our own ignorance through listening to the most talented minds out there. And in that regard, I am very much looking forward to your thoughts today.

Thank you.