he knows a little more, and perhaps he is a better adviser to me as a little fellow who has no knowledge of stocks.

Now along comes another firm that offers me other suggestions. You say that isn't competitive?

Mr. WALLICH. These people don't engage in price competition, Congressman.

Mr. WATKINS. They don't engage in price but they engage in advice. They engage in advice and that becomes competitive. Maybe one fellow's advice is better than the other's.

Mr. WALLICH. But in my judgment the advice of both is equally good and neither is worth anything.

Mr. WATKINS. In other words, I wonder how much advice it is. Somebody can boost on the stock market, too. They can get a rumor going around to buy Smith & Jones, you name the company, it is going to do so and so and the first thing you know the board starts to move, doesn't it?

Mr. WALLICH. If I may, let me try to define the nature of the difference, and why you view this as competitive and I do not. To me competition basically means price competition, not quality competition, although that is an important aspect. If I go and buy a car in an automobile dealer's showroom, I haggle over the price. I go to the next showroom, the dealer quotes me a different price and we haggle again. With these two mutual fund salesmen I can not haggle. That is what I mean by saying they are not competitive. They may be competitive in other ways.

Mr. WATKINS. I still think they are competitive. You haven't convinced me that it isn't. The business is certainly competitive.

Now getting back to this 5 percent, do you think that they can operate on 5 percent and stay in business? That is what I would like to know. I am very interested in a lot of other testimony here on which you have enlightened me so much, but I want to know about this 5 percent. Do you think if this restriction is put on by the Federal Government here, that they can operate on 5 percent?

Mr. WALLICH. I think the great majority can, and a lot of those who think they can't probably can too.

Mr. WATKINS. Do you have any statistics or figures to prove that they can?

Mr. WALLICH. I have a——

Mr. WATKINS. Other than thinking. In other words, do you have facts and figures that you can show me that these people can operate on 5 percent? I would like to have it.

Mr. WALLICH. I have considerable experience with industry statements that say that they would be ruined by——

Mr. WATKINS. I am not interested in experience, I am interested in facts. Do you have the facts? Can you show me a concrete scale that will show me that they can operate on 5 percent?

Mr. WALLICH. I will be very glad to supply you with one which shows that some, and a great many of them, can. There will be some marginal companies that cannot. I do not deny that.

Mr. WATKINS. Why should we put the marginal companies out? If one large company has a greater volume, a bigger amount of business, he can stay in and the little fellow goes. Is that what we are going to do?