

Mr. WALLICH. Because we are imposing retail price maintenance on the public, and I think the public has a right to be protected.

Mr. WATKINS. Is the public being hurt? Do you have any evidence to show that the public is being hurt? I haven't seen any of it here.

Mr. WALLICH. Well, the public paying 8.5 percent certainly is worse off than paying 5 percent.

Mr. WATKINS. Well, certainly 8.5 is higher than 5, but I happen to be—it doesn't have anything to do with this and I shouldn't use the time of the committee. I am in the transportation business, the Watkins System, 30 States in this country. I pay my salesman 10 percent. They hold the 10 percent for the entirety if they can, as long as they are with the firm. So why argue about 8.5 or 10 or 6.5? I am talking about 5. This bill here wants to reduce the payment to 5 percent and that will be it, and that is the meat of this thing. I want to know if you can give me any evidence that says that they can operate on 5 percent or that they can't.

Mr. WALLICH. I would first say that the public first deserves protection before the industry deserves protection.

Second, I think that the majority can operate on 5, and those that cannot will be dollarwise certainly a minority, but we can argue over figures and prospects.

Mr. WATKINS. I don't want to argue. I want to become enlightened through testimony, and I ask you to do this for me. Give me proof that they can operate for 5 percent.

Second, I would like to have you explain to me how the little man will be approached, as my good friend mentioned here, the grocery man, the gasoline station man, the truck operator, too. I want someone to talk to me. How is the little fellow going to operate if someone doesn't come around and try to tell him what is good and what is bad, even though he only makes \$7,000 a year. That is better than being on welfare.

Mr. WALLICH. This is a very real point.

Mr. WATKINS. Exactly. That is the point.

Mr. WALLICH. As I said, you can legitimately even consider a 50-percent-front-end load and a 9-percent-contract-sales load payment, provided the buyer follows through. The front-end load fund does reach a different class of investor. I think this class deserves to be reached. I do think that as the ice gets broken—

Mr. WATKINS. I know that we are pressed for time and I sometimes feel sorry for my chairman the way I use the time up, but frankly, let's get to one point and forget this other aspect. Frankly, do you think the SEC has any right to set a rate of 5 percent on these people?

Mr. WALLICH. As long as it administers section 22(d), yes, because that is what we do with all other regulated industries or natural monopolies. We regulate the price.

Mr. WATKINS. I question your monopoly. I say it is competitive.

Mr. MOSS. Will the gentleman yield?

Mr. WATKINS. Yes; I will, Mr. Chairman.

Mr. MOSS. I think the gentleman is overlooking the fact that Professor Wallich is making that there are a variety of types of monopolies. The point here is that there is monopoly of price. That sales-