

man A for company A cannot go out and offer the same share at a lesser figure than salesman B from company B. That on price itself, where normally there is some competition, in this industry competition is absent.

I think another point that has not been touched upon, and must be considered as relevant here, is the effect of the giveup or giveaway to the sales organization to encourage it perhaps to push one fund over another, not because it is a superior performer for the public, but perhaps a superior producer for the dealer. These are elements of competition which this committee must consider.

I thank the gentleman for yielding.

Mr. WATKINS. I would like for you to just come down in plain words and let's get down to it. You say you believe in mutual funds but yet you have other ideas that would wreck them.

Mr. WALLICH. I don't think what the Commission proposes would wreck the mutual funds in the least, Congressman. It would possibly reduce their sales and possibly only in the short run.

In the long run, as people realized that they were not paying an exorbitant charge, there might be more interest in them rather than less. But in the short run I would think that there might be a few salesmen that would then sell life insurance or would sell steel or whatever.

Mr. WATKINS. Why should you switch him from life insurance if he is doing something that is good? What right does this Federal Government have to reach in and tell people what they are going to do? Is this a free country or isn't it? Let's get down to principles, not the bill.

Mr. WALLICH. If it is a free country then why aren't they allowed to compete and cut the sales load? If you will let them cut the sales load—

Mr. WATKINS. Can you tell me how they are going to operate on 5 percent and tell me how many companies will be eliminated? Just don't say some. If you are going to make remarks that are going to be influential on every Congressman here who reads your remarks, then I want to see facts. I don't want to see theories.

Mr. Moss. The Chair is going to state that the gentleman may demand facts, but the statement that has been presented here represents the considered opinion of a qualified witness. It is as valid as the contentions of those who have appeared and repeatedly said that a reduction to 5 percent would destroy, without submitting any meaningful or relevant statistical material to back up their conclusions.

Now to the extent that the gentleman is able to produce relevant material in response to the question of the gentleman from Pennsylvania—

Mr. WATKINS. That is all I want.

Mr. Moss. The record will be held to receive it. But the Chair does not expect nor would he instruct the witness to produce the impossible.

Mr. WATKINS. Mr. Chairman, I don't consider it impossible. A man who comes in here with theories must have facts. You don't build theories up unless you have some—

Mr. Moss. With all charity I would say to my colleague that his theory is not backed by fact.