dustries, where there is at least some of the same kind of price fixing as has been pointed out here. It is, however, very competitive. I would like to say in defense of the salesman, you have stressed or implied when the showdown comes—"Whom does he serve, his wife and kiddies or the investor's wife and kiddies?"

He serves his own wife and kiddies best and himself best to the degree that he can win, hold, and deserve the confidence of the customer on whom he is calling, and I do commend to your attention the book "A Fortune To Share," by Vash Young.

As I said earlier, in these hearings, this was given to me when I graduated from prep school in 1934 by the master of the academy. Admittedly a lot of salesmen start off selling to their friends, but they are not going to do a job on their friends, and if they did I would say that this is not the successful man in the long run.

Mr. LIVINGSTON. May I comment on that?

Mr. KEITH. Certainly.

Mr. LIVINGSTON. There is no doubt that the successful salesman in any business serves his clients, but in many businesses, particularly when you are young, you have got a very strong pull to earn commissions, and in the insurance business an analogy that has been used by Mr. Day and by other persons doesn't seem to me entirely appropriate.

First, it is very hard to buy insurance without paying a commission. It is possible to buy funds, mutual funds, which do just exactly the same jobs of these load funds that charge a commission of 8½ to 9 to 9.3 percent without paying a commission. So there exists competition. In New York and in Massachusetts people can buy insurance without paying a commission, in one other State——

Mr. KEITH. Connecticut.

Mr. LIVINGSTON. Connecticut, so therefore there isn't the same situation. The investor in mutual funds has alternatives. Furthermore, the salesman in the securities business does have a semifiduciary relationship to the investor, the person he is meeting, and that is why the SEC has introduced the rule of suitability.

You have got to pick investments which are suitable to the financial and economic and social status of the individual, and the salesman could very well offer a no-load mutual fund or he could offer a closed-end fund selling at a discount, but because the commissions are so much higher on mutual funds, the temptation is terribly great to sell the mutual vis-a-vis these alternative investments. I am sorry to make such a long speech.

Mr. KEITH. That is all right.

Mr. LIVINGSTON. But on insurance it is said that the front-end load is 50 percent. But if you read Mr. Day's testimony carefully, you will notice that he says that the cost of writing the insurance the first year is frequently not enough to pay the salesman, and therefore the company has to take some of this money out of its surplus to do so. So it isn't the purchaser of the policy that pays the full commission in the first period.

But when you buy a mutual fund on the contractual plan, and you pay 50 percent in the first year, it is the investor who is paying all of the money, and his investment, his money, is not going to work. Why should a person pay in advance for an investment he hasn't made? I am sorry, I didn't mean to ask you a question.