

Mr. KEITH. Taken out of context, one would—

Mr. LIVINGSTON. I didn't mean it that way.

Mr. KEITH. Well, you know how the press is at taking politician's statements out of context.

Mr. LIVINGSTON. Well, I think it is the front-end load only. That is the only case in which you have a sales fee on a security to be purchased in the future.

Mr. KEITH. I said that with a smile. You were reading your notes there.

Mr. LIVINGSTON. Oh, I am sorry. I know we embellish statements.

Mr. KEITH. I did read all of your columns and I had read them when they originally appeared. I guess in summary you would conclude that we don't need this industry to the extent that we should encourage people to get out and sell it as hard as they have. That it doesn't really bring sufficient capital into our market to either serve the capital requirements of the Nation or the need of the little fellow to get a share in the equities of our great society. That is in essence your point of view, I trust.

Mr. LIVINGSTON. Well, I think I would modify that, sir. I would say that the mutual fund industry today has 4 million shareholders. It is very well known.

As the result of my articles I received something like 12,000 to 14,000 letters. Many of the letters said, "I never knew there was such a thing as a no-load mutual fund. Thank you for telling me. Thank you for your courage in writing this," and so forth.

Well, now, it seems to me that the industry is becoming widely known. You don't need to have the very high sales fee any longer to encourage salesmen to spread the mutual fund gospel. There is money to be made at 5 percent in this industry. It is a very, very adequate reward for selling securities. On the New York Stock Exchange the commissions are much less.

What I think might happen would be that the marginal salesman might be put out, but there is also money to be made in the management end of the business.

Mr. KEITH. Thank you very much.

Mr. LIVINGSTON. Thank you.

Mr. Moss. We look at this sales fee and I have been interested in noting that it not an unusual phenomenon that whenever we hear legislation we talk about the small fund, the small salesman with the small selling margin. The fear was expressed earlier today by our first witness in his item No. 4 that inevitably the followup to any change in existing law would be to create ever larger funds and sales organizations.

Well, if we look back retrospectively at almost any business, that is the inevitable course of any successful operation, isn't it? They tend to concentrate and grow and the smaller ones fall by the wayside. They use many devices in an effort to prevent that happening, but it has happened in virtually every type of business one can think of today, hasn't it?

Mr. LIVINGSTON. I think so.

Mr. Moss. Now, selling is a very interesting endeavor. I was a salesman before I was a politician.