Mr. LIVINGSTON. I sold books when I was in college.

Mr. MOSS. I sold many things. And I was also a real estate broker. And so I have a very healthy respect for the role that the commission plays in selling, and I think that you have basically in any sales organization two groups, particularly if you have an attractive commission structure and a hard market. You have the highly professional salesman and he is really going to be successful regardless of anyone or anything. He is going to succeed. And then you have those that are attracted like flies to honey, by the size of the commission, the potential. They don't stay in long but they do come in, and there is always a new supply of them to back up the group. This is the group of sales personnel, not the professional, and the one that is probably more concerned with the immediate short-range interest of his family than the long-range wisdom of giving the best advice and building a solid basis for repeat business and for the relations between friends that sends business to a store; isn't that right?

Mr. LIVINGSTON. I think that is right.

Mr. MOSS. And if a sales commission is too high, we have had nothing in this record that indicates that 9.3 is any more justified than 5, or for that matter than 3. We have had many expressions of opinion but we have had nothing in the record that I can see, and I have watched it very carefully, that shows that there is a greater justification for one or the other, except as you pointed out, and I think very properly, if we are only concerned with the sales organization.

The interest of this committee, the reason for the creation of the Securities and Exchange Commission, the very conditions which brought it about in the early 1930's was because the previous system did not adequately recognize the public or the investing public's interest, isn't that correct?

Mr. LIVINGSTON. I think that is right. I might add, Mr. Chairman, that there is something ot suggest that the 9.3-percent sales load is high, and that is that so many of these no-load mutual funds are growing and prospering. The T. Rowe Price Co. of Baltimore recently announced that they were no longer going to take any new shareholders in New Horizons Fund because it had reached the size that they felt was completely adequate to their responsibilities. If you look at the prospectus of Dreyfus Fund, which has been a very rapidly growing fund, and an extremely successful fund, it indicates that the sale of the fund had become so great that management had to consider changing their investment policy, because you can't operate with a billion dollars the way you could operate with $200 or $300 or $400 million. And I sometimes wonder if the sales effort hasn't begun to wag the dog in this industry.

There was a time, when this industry first began, that funds would discuss what was the optimum size, $300, $400, or $500 million. But now, as far as the load funds are concerned, this is out the window—bigger and bigger.

Mr. MOSS. That of course gets to the point that Congressman Keith stressed, the need to study the problem of institutionalization of the markets. But the one point I wanted to bring into focus is that while we certainly are not expecting to act in a manner to the complete dis-