

Mr. KEITH. I am glad I pointed it out. I think that your explanation is appropriate. As we draw nearer to conclusion of these hearings, you have made a rather dramatic portrayal of the profits of these management companies, and it seems to me that we should be seeking ways to open this business up so that supply and demand can have an impact on this problem. More people should get into it, and let the law of supply and demand become effective. This is the problem that we have had, and I don't see—

Mr. COHEN. This was the first question to which I was going to address myself, Mr. Keith.

Mr. KEITH. Go ahead.

Mr. COHEN. I understand that Professor Wallich suggested, and some others have, that our recommendation in the area of sales load doesn't go far enough, or that there is an alternate approach which might be better, and that is to repeal section 22(d), which would eliminate this federally enforced price maintenance provision and exemption from the antitrust laws, a result which conceivably would meet the objective you have just stated, by opening up to many more people than is now possible a willingness, or an opportunity and a willingness, to invest in these funds because acquisition costs might be more moderate than they are today.

This is the proposal Professor Wallich made. To the extent that the Commission has been criticized in the public print, and we have had very little criticism editorially, but when we have been criticized, it has only been in this particular area, that we haven't gone far enough, that we should not abide this situation, which perhaps might have been appropriate at a time when this was an infant industry, but rather rely on free competition.

Now I think this is a legitimate question, and the Commission considered it very carefully. I can't tell you how many hours we spent on this. And, as I indicated in my testimony when I appeared here before, 6 or 9 months before we issued our report I called in the leaders of the industry, and I said that this was a proposal which had been put forward for our consideration, and that before the Commission acted on it, it would be most helpful to the Commission to have the benefit of the views of everybody concerned.

Universally they objected to it. They raised all of the questions and objections which have been raised here before you when the question has been put.

So far as the Commission is concerned, I would have been and the Commission would have been in a more appealing position than had we wrapped ourselves in that mantle of free competition. I think the statement I used, which was perhaps a little gaudier last time, was that I might ride down Pennsylvania Avenue on a white horse with the shiniest armor possible. Nevertheless, no matter how attractive that seemed to be, we decided against it, and there were several reasons why we did.

In the first place, there is some uncertainty as to the consequences of repeal of section 22(d). I must emphasize, if I can digress for just a second, because Mr. Watkins wasn't here when I attempted earlier to explain, that this is not like a fair trade law in a State, and there are