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# Asset Management Fees and the Growth of Finance

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### Abstract

From 1980 to 2006, the financial services sector of the US economy grew from 4.9 percent to 8.3 percent of GDP. A substantial share of that increase was comprised of increases in the fees paid for asset management. This paper examines the significant increase in asset management fees charged to both individual and institutional investors. One could argue that the increase in fees charged by actively managed funds could prove to be socially useful if it reflected increasing returns for investors

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deadweight loss for investors. Indeed, perhaps the greatest inefficiency in the stock market is in "the market" for investment advice.

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