

Karl R. Bendets
Chairman of the Executive Committee

2918 Garfield Terrace, N.W.
Washington, D.C. 20008

Champion International

November 14, 1975

The Honorable Roderick M. Hills
Chairman
Securities and Exchange Commission
500 North Capitol Street
Washington, D. C. 20549

Dear Mr. Chairman:

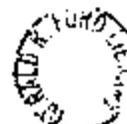
Many thanks for your gracious hospitality yesterday. You were most generous with your time and I am well aware how little is available to you. It was a pleasure and privilege to meet you and to make up for my loss when I could not be present when you visited the Exchange.

Toward the close of our session, you mentioned with some emphasis that no empirical evidence has been submitted by the New York Stock Exchange, citing I believe the opening paragraph of Professor Willard Mueller's paper on Rule 394. I am inclined to interpret his observation as indicating that in his judgment there is none available either way.

It is my experience that whenever difficult decisions are involved, they are difficult only because there is no empirical evidence one way or the other. If it were otherwise, it seems to me that there would be little justification for boards of directors, chief executives, cabinet secretaries or even commissions. The bear traps and dangers arise from (a) the frailties of wisdom and judgment exercised on the basis of either difficult choices or wholly upon assumptions and (b) the bland conclusion that empirical evidence exists when it does not - witness how positive the deciders were that negotiated rates would help the little guy. No one arguing the contrary on the basis of experience and judgment about how the change would probably work could make a dent on these deciders.

I would be inclined to add that there is no empirical evidence supporting Weeden's or the Merrill Lynch papers. And I am wondering what empirical evidence there is concerning what a central market should be or what it would accomplish other than change.

Photocopy from Gerald R. Ford Library



The Honorable Roderick M. Hills
Page 2
November 14, 1975

It seems to me that where there is no hard empirical evidence on which either to support a working arrangement or to discredit it, there would be little fairness in rejecting it and trying the untried on that ground when there is no empirical evidence supporting the latter either.

I look forward to future opportunities to see you for discussions. We are fortunate that you are chairman, particularly in this critical time.

With the best of good wishes always,

Sincerely,

KRB/gp

Photocopy from Gerald R. Ford Library