my old *Geographics* doing in Southern California? Mr. Lato sped back a letter citing a new regulation providing that the sender of a shipment landing at a port of entry must send a written confirmation that it was actually meant to go to the point to which the shipper had addressed it, failing which the shipment would be stored at shipper's expense pending receipt of same. So would I please pay the $4.50 to get my box out of hock? I would not.

In the meantime, Bekins's charges had climbed to $9 and an earnest letter informed me that unless they were paid, my box would be put up at auction. I now notified Mr. Lato that if this box of heirlooms were placed on the block, I would hold him, his agency, and the government jointly and severally responsible. The government paid the $9.

The S. Kuhnert Affair

My final surprise hit me six months after I had left the government.

One morning still another letter from Vienna, this time from the firm of S. Kuhnert & Sohn, the movers who had originally packed our belongings there for homeward shipment. "Dear Sir," the message went, "According to the Embassy's order, we have picked up sixty-eight pieces of your furniture from Peter Jordanstrasse 6, Vienna, ground floor, and delivered it to our warehouse where it is stored at your risk and expense. Please to inform us what disposal you wish to make of them?"

We had never lived at Peter Jordanstrasse 6. "Maybe it's some other Hale whose stuff they've picked up," my wife suggested. "Poor man. And he's probably still *in* government."

"Sixty-eight pieces," I said. "At my risk and expense." My cup had run over. "I'll show them," I said, and unlimbered my typewriter for the final time, to this effect: I was not aware of having authorized anyone to remove sixty-eight pieces of furniture from Peter Jordanstrasse 6, Vienna. If S. Kuhnert had already done so on the basis of a valid order from the U.S. government, I would raise no objection, and would be quite ready to receive them at New York—provided, to be sure, that all were authentic Biedermeyer pieces of the best style.

Who knows? They may yet arrive.

The Fabulous Firm Of Merrill Lynch

MARTIN MAYER

SOME YEARS ago an officer of one of the many semi-official organizations that help police the financial market was sitting in on a cocktail party at an investment bankers' convention. He was sipping a drink and listening to the cheerful sounds about him, and suddenly he felt a finger tap on his shoulder. He turned around.

An anonymous minion was standing above him. "The boss wants to see you," the minion said.

Charles Merrill

The officer rose and followed to the top floor of the hotel, where a dozen men were standing around the living room of a suite, smoking and talking in hushed voices. Every once in a while the bedroom door would open and somebody would come out, move over to one of the men, and nudge him toward the bedroom. Finally came the officer's turn. He walked into one of the best bedrooms that could be offered by one of the best hotels in the state of Florida, and Charles Merrill was sitting on the bed.

"What do *you* want?" Merrill said.

"I don't want a goddam thing," said the officer somewhat irritably. "All I know is one of your people told me that the boss wanted to see me, so I came up."

Merrill grinned. "Sit down, young man," he said. "Sit down." The officer sat down and Merrill said in his best Southern manner, "I just wanted to tell you that I like the work you're doing. And if you ever need any help with anybody, just let me know. I'll follow your orders."

"Thank you," said the officer.

"You know," Merrill said reflectively, "there isn't a single trick in this business that I don't know." He stopped and grinned. "And the reason I know them is I've pulled every one of them m'self. Now that I'm an old man, I don't want to see anybody pulling them on me."

It will be understood that Merrill was giving an explanation, not a reason. Although nobody in government or finance is more fanatically devoted to honest practice, most people on Wall Street believe that anyone who tried to gyp Charlie Merrill would get his business throat cut in short order. Merrill is a sick man and has been for ten years, but whatever it is that has weakened his heart has by no means taken the force from his personality.

He is the first authentically great man produced by the financial market in 150 years. The Drews and Goulds, the Cookes, the Morgans and the Livermores—these men existed in a tight little island of their own making, where the public were sheep to be shorn. They made the alleys of Wall Street dark and dangerous places, and they kept for themselves as much as possible of the benefits that came from the system which produced their fantastic riches. Merrill brought in the public, not as lambs to be fleeced but as partners in the

This article is excerpted from a chapter of Mr. Mayer's Wall Street: Men and Money, *to be published by Harper & Brothers this spring.*

benefits. Today a man who loses his shirt in the market is the victim of his own stupidity or greed, not of the machinations of insiders. The climate of the 1930's helped, the New Deal laws helped, and many individuals helped, but the prime mover was Charlie Merrill.

Originally a Floridian, the son of a doctor, Merrill came North to go to Amherst and worked his way through two years of college, then quit and returned to Florida and a short stint as a newspaperman. He tried law school and ordinary business, then found his full scope on Wall Street. Merrill made his first fortune as an underwriter, specializing in chain stores; he took stock warrants as part of his underwriting profits, and as the stocks went up he cashed them in. In 1915, at the age of thirty, he was a millionaire. His course has been upward ever since.

He was one of the first to see the coming crash, and wrote an article in 1928 telling his customers and everybody else to get out before the house came down.

In 1930, with prosperity supposed to be just around the corner and the prices of seats on the Stock Exchange climbing again, Merrill Lynch went out of business, so immensely solvent that it was able to supply five million dollars in new capital to the firm that took over its commission customers and most of its employees. Merrill himself, at forty-five, retired; three marriages and a constantly growing fortune are experience enough for any man, and he wanted to brush up on his tennis before it got too late.

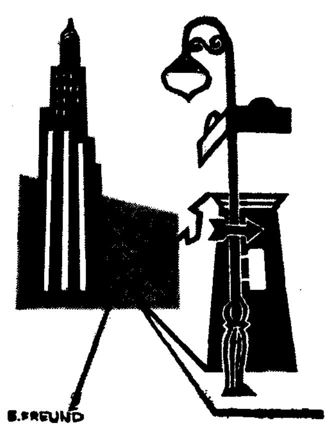
In 1940 he came back. He is a modern man, but by no means a radical; he was disturbed by the trend of the economy and economic thinking, and he thought the time had come to prove that capitalism could be profitable for the many. A specialist in chain stores, he opened a supermarket of a brokerage firm. Though Edmund Lynch was dead, Merrill wanted to keep his name in the firm. The original letterhead read Merrill Lynch, E. A. Pierce & Cassatt; the next year it became Merrill Lynch, Pierce, Fenner & Beane. A merger of four large firms, with a hypodermic of new capital from the Merrill fortune, it was from the beginning the largest brokerage house in the world—called by outsiders "the Thundering Herd of Wall Street," by insiders "We the People."

Capitalism for Everybody

Fifteen years is a longer time than most people realize; it is, in fact, an accurate meaure of a generation. In fifteen years today's first-grade schoolchildren will be getting out of college, and the freshest crop of college graduates will be executive vice-presidents. In fifteen years the temper and manner of an industry can change so enormously that even the old-timers have difficulty remembering how it was fifteen years ago.

Fifteen years ago in the brokerage business the central institution was the "customers' man." He had a following of rich clients, and he split brokerage commissions with his employer; the best customers' men could get forty per cent. If the month had been slow, the customers' man might call two large customers and switch one of them from Radio to Motors, the other from Motors to Radio, getting himself forty per cent of four commissions. After all, customers' men have to eat too.

Charlie Merrill paid his salesmen (he called them "account executives," and the official name all over



the business now is the wonderfully dignified "registered representative") a flat salary; their income was not to be determined by the amount of business they could churn up. Eventually the New York Stock Exchange set up a rule that all registered representatives should be paid on a salary rather than a commission basis. The rule was honored mostly in the breach (there was nothing in it to say that a man's salary had to be the same every month), but its very existence was a tribute to Merrill's revolution. The revocation of the rule not long ago was a tribute of another kind.

Fifteen years ago a man who wanted information got advice, which is an entirely different matter. If a customer demanded a complete report on a situation, his broker would supply it, and charge him for it. There were charges for rendering monthly statements of a customer's account, for maintaining an inactive account, for holding a customer's securities in a broker's vault, and for executing legal transfers.

Charlie Merrill set up on a no-fee basis. Any customer (or potential customer) could write in or call in and get a research report on any stock that interested him. He could also get, free, the firm's little magazine, *Investor's Reader*, which comes out biweekly. The customer, it was decided, would be advised to buy a stock or sell it only if he asked for advice. And his certificates would be kept for him without charge. Almost everybody followed; Merrill Lynch did it first. And when brokers started restoring the old charges, in 1953-1954, Merrill Lynch waved its banner even higher.

Fifteen years ago each brokerage house kept its business a dark secret, often with reason. How well or how badly a firm did was its own affair; its customers had no right to know anything. A firm might be touting a security it owned and never tell the customer; it might be next door to broke, with the customer's accounts in danger, and he would never know about it. The profits might be fantastic, based on exorbitant service charges, and the customer could never find out.

Charlie Merrill kept the doors open, so everyone could "see what makes the egg stand up." He printed an annual report of the firm's operations, and mailed it to all its customers. He saw to it that every report on every stock carried a complete disclosure of the firm's holdings in the stock, and the holdings of its individual partners.

Fifteen years ago young men could come down to Wall Street only if they brought their fathers' business with them; there were no vacancies for boys whose only recommendation was ability. The Street today suffers from a really drastic shortage of talent in the thirty-five to forty-five-year group.

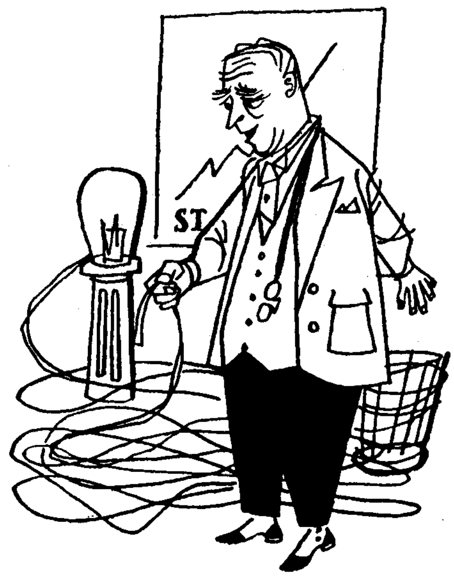
Charlie Merrill started a training program for young men, and more than seven hundred have already been graduated from it. They are the firm's greatest single asset, and a few of them are already partners. By example, Merrill forced the rest of Wall Street to throw the doors open to talent—in fact, to comb the woods for it. Today there are dozens of training programs, and Wall Street is the best place there is for a bright young man who wants to make money.

The First Ad

But the most remarkable contribution of all came from Merrill's insistence that the public is intelligent. The hot water in which Wall Street habitually bathes flows from its disrespect for the public. Fifteen years ago brokers seldom advertised, partly because it was undignified, partly (bigger part) because it cost money, but mostly because they felt that the public couldn't understand sensible ads, anyway. Those who did advertise used the pattern now used by people like investment adviser Major L. L. B. Angas: "OUR CUSTOMERS HAVE YACHTS."

By and large, Wall Street thought the public was a sucker; Merrill thought Wall Street had suckered the public. He refused to believe that people who could make money were incompetent to invest it; he advertised respectfully to them, and to do his advertising and sales promotion he hired the managing editor of *Business Week*. One day a full-page newspaper ad appeared, eight columns in type so small it was barely legible, explaining the central facts about stocks and bonds. The ad ran first in the New York *Times*, then in other newspapers all over the country, finally as a three-page slice of *Time* magazine. There were two theories behind it: that the public wanted to learn, and that only those who were willing to do a little work should be encouraged to become investors. There is no way of telling how many customers came in through that ad, but they are the best a firm could have.

Finally, Merrill announced that he would keep commissions low. (The minimum commission that a broker may charge his customers is set down in the constitution of the Exchange, and the members may raise or lower this minimum by majority vote.) Merrill has always thought that brokers ought to cut their costs rather than raise their



commissions; he has fought every proposed increase.

Fifteen years ago, despite all the laws and all the agitation, the stock market still hung from riggings. Today the exchanges, and practically all the rest of Wall Street, stand foursquare as a free market. No matter what factors an analyst counts in, a great slice of the credit must go to Charlie Merrill.

MERRILL'S MONUMENT is a brokerage house so big that it does one-tenth of all the brokerage business done on Wall Street.

It costs $145,000 a day just to open the doors at Merrill Lynch, because 114 doors must be opened in 114 different offices in 106 cities in five countries. There are more than four thousand employees, 107 partners, six hundred teletypes, and eighty thousand miles of leased wire.

Everything must be said a little slowly about Merrill Lynch. It is the largest securities broker on every exchange of any size; the largest commission broker in every commodity-futures market; the largest over-the-counter dealer; the fifth largest underwriter of corporate securities; and the sixth largest manager of syndicates to sell corporate securities last year. It is always expanding, and it has no prejudices; if Merrill Lynch likes the deal it will go in on anything.

Financial Supermarket

The home office is at 70 Pine Street, the third tallest building in the world, and occupies the bottom six floors. Escalators connect the floors, which saves time waiting for elevators, and saves the management of the building from the strain of hiring new elevator operators to replace the dead ones every three days. More than a hundred people work in the research department, which prepares reports on securities and answers fifty thousand letters a year. Two and a half million dollars is spent for promotion, a million for leased wires. Two repairmen from A.T.&T. are always on hand to keep the telephones and teletypes working; three repairmen from I.B.M. keep a weather eye on Mr. Watson's fantastic creatures. Down in the main board room (which is almost like a funeral parlor, only so big that people in the back use binoculars to see the board), sixty salesmen and five partners handle orders involving one million dollars every day. Eight partners are members of the New York Stock Exchange, and six of them work on the floor; but Merrill Lynch is the largest employer of "$2 brokers." In 1954 some two dozen members of the New York Stock Exchange collected nearly two million dollars in commissions from Merrill Lynch, Pierce, Fenner & Beane.

A quarter of a million customers can send in a lot of orders in a single day. Where a medium-sized brokerage house might have three or four clerks at telephones, relaying orders from customers' men to the floor and confirmations from the floor to customers' men, the Merrill Lynch wire room takes up half a floor of a building and the time of a hundred clerks. The downstairs board rooms relay their own orders to the floor, but all orders from the branch offices come into the wire room on some thirty-five multi-channel teletype machines. Since Merrill Lynch must be competitive with other brokers and process a hundred orders in the time it takes a small broker to process one, all the ingenuity of a machine-minded management has been flung into the communication system and the spacious preserves of the wire room.

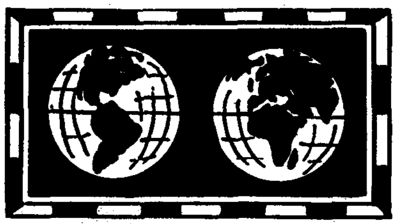
Basically, the wire room is organized as an assembly line, complete with conveyor belts. The belts are used to carry slips of paper from one location on the line to another, and above each compact set of belts is a series of narrow rails set so close to each other that a piece of paper dropped onto the belt on its end will balance between the rails and ride jauntily on to its appointment with destiny. These appointments are made very simply: A clerk who is processing or confirming orders stuffs a small rubber sponge between two rails, and all the papers riding that belt bump to a halt against the sponge. There are six sets of these belts, feeding into each other up and down, round and about the huge room, and a clerk dropping a slip onto a belt sometimes cannot see its destination. To indicate the routes and stopping places of the belts, the rails above them are brightly colored, each color signifying a place and a purpose. The bright colors, the long rails, and the papers bouncing gaily around corners give the room the look of a very rich child's nursery, with an immensely complicated set of electric trains.

Clerks sit at teletypes and small switchboards on narrow tables beside the turning belts, and immediately process orders MKT (at the market) and limit orders GTD (Good Today Only) for stocks traded on the New York or American Stock Exchange. The clerk simply rips the order off the teletype and hands it to the telephone operator, who calls the Merrill Lynch telephone booth on the floor nearest the post at which the stock is traded. (There are six Merrill Lynch booths on the floor of the N.Y.S.E.) When the clerk on the floor calls back and confirms the purchase or sale, the operator hands a notation to the clerk at the teletype, who confirms to the branch office, then drops the executed and confirmed order between the red rails. Red at Merrill Lynch is the color of money; slips dropped between the red rails ride to the end of the belt and plop off into a metal basket called the cash box.

Every securities transaction breaks into three parts: buyer to buyer's broker, broker to broker, seller's broker to seller. Two quick remarks on a trading floor are the center, and from that center flow activities in each of the three parts. The transaction will not end until the buyer's money has reached the seller, and the seller's stock has reached the buyer.

'Clearance'

In the old days the market closed at three o'clock, and the brokerage



firms collected all their slips into neat piles, each pile representing trades with one other brokerage house. Runners swarmed out of the offices with the slips, heading for the other offices to make "comparisons" and be sure that everybody had the same idea about what happened in every transaction on the floor. Buyer's broker and seller's broker would confirm the transaction anew in the late afternoon of the day, and arrange for a transfer of money and stock on the fourth succeeding business day. Then they would hustle to get their customers' money and securities into the office for delivery on that day. Since customers very often do not deliver by the fourth succeeding business day, it was necessary to borrow money from banks, and securities from other brokers, in order to "clear" the sale. The securities end of it was easy, since everybody had the same problem; on the money end, however, the clearing operation involved many millions of dollars in bank loans, which meant many thousands of dollars of bank interest. Then, on settlement date for a market day with fifteen thousand transactions, it would be necessary for hundreds of runners to make thirty thousand deliveries of securities and checks.

By 1920 the labor of clearance had become unbearable, and the New York Stock Exchange formed the Stock Clearing Corporation. (The A.S.E. has its own clearing corporation.) Now a broker merely gets together I.B.M. cards on all his *sales* for the day and delivers the cards to the Stock Clearing Corporation. It takes one boy instead of hundreds. The Stock Clearing Corporation has its own I.B.M. cards and keyless typewriter, and from these "sell cards" they make up lists of what each firm bought and sold that day. Bright and early the next morning the lists are delivered to the brokers involved, and they check against their own records.

The okayed or adjusted lists are returned to the Stock Clearing Corporation, which feeds the cards back into the machines and comes up with a net balance for each broker in each stock. Merrill Lynch, for example, may have been involved in transactions of 3,500 shares of General Electric; but at the end of the day it may owe exactly 300 shares. Its customers bought 1,600 and sold 1,900, and the Clearing Corporation is interested only in the difference. There is also a net balance in money – with 4,800 transactions, Merrill Lynch may wind up owing $915 all together. On the settlement date, instead of making 2,400 separate deliveries and receiving 2,400 separate deliveries, Merrill Lynch need merely send over to or collect from the Clearing Corporation its net balance in each security, and its net debit or credit in money. One boy. The cost of the service is forty dollars a month, plus five cents a hundred shares on each buy or sell list, five cents a balance order, and five cents a delivery envelope.

This service, however, merely solves the broker-to-broker part of the transaction; broker-to-customer remains. One part of it is taken care of by the bill or notice of sale, automatically printed in the customer's home office through a wonderful collaboration of I.B.M. machine and teletype. Then the money must be received or paid, the securities delivered or collected. This is relatively simple when the customer maintains a balance with his broker; Merrill Lynch merely informs him that he has a credit of so-and-so much. It is equally easy on the other side when the customer asks the broker to keep his securities for him, because the securities are right there and need merely be transferred. Often the securities are even in "Street name"—that is, the corporation has them on its books as owned by Merrill Lynch, and only Merrill Lynch and the customer know that the stock is merely being held for the customer's account. When securities are left in the account in "Street name," the broker guarantees their safety and takes care of all the bookkeeping involved in forwarding dividends, proxies, and such. It is something of a mystery on Wall Street why people ask for their stock certificates at all, since they really get nothing but the expense of renting a safe-deposit box in a bank.

107 Partners

A partnership the size of Merrill Lynch has problems all its own. Corporations, for example, are chartered in a single state, and pay their corporate income tax in the home state only. A partnership, however, exists in every state in which it does business, and the partners must pay state income taxes everywhere that Merrill Lynch has an office.

Under the Federal tax laws, moreover, a partnership cannot carry its profits over from one year to the next. Everything except the capitalization must be distributed among the partners at the end of the business year. When Merrill Lynch opens its doors on January 2, therefore, the $145,000 cost of door opening must be paid out of capital.

And a partnership is an agreement among living persons, existing at the pleasure of living persons. Every time a new partner is admitted, the whole partnership agreement must be redrawn and signed all over again by everybody. The proportions of ownership change, too, since there is only 100 per cent to be split. Charlie Merrill originally put up the biggest chunk of the capital (which is now about thirty million dollars), but over the years he has gradually reduced his partnership interest.

He has done it in an interesting way. Partnerships break up because people believe they are getting less than their just share; and perhaps the only way to establish just shares is to split up the profits in proportion to the partners' contributions to capital. As Merrill Lynch has increased in size, many partners who could not contribute to the firm's capital in proportion to their partnership interest have been brought up from the ranks. At the firm's present size a partner with an interest of one-half of one per cent should have contributed $100,000 to the firm's capital. A new partner might be able to put up only a quarter of that amount; the rest would be supplied by others—principally Merrill. Such a partner would be expected over the years to put up the other three-quarters out of his share of the annual profits, and ultimately he would own his piece of the partnership free of all obligation. The principle of contribution to capital would be kept inviolate, but the doors would stay open.

Until 1953, only individuals and partnerships could be member firms of the New York Stock Exchange. All partners in a brokerage firm were thereby responsible for all the firm's debts, and if a firm went bankrupt the partners were liable out of their own assets. Corporations, on the other hand, have no call on their stockholders' assets (except to pay back wages to employees); and a corporation may fail while its principal stockholder remains a wealthy man. Merrill crusaded to change the Stock Exchange rule, not to protect himself but to make Merrill Lynch a more manageable proposition. The solvency record of Stock Exchange member firms is excellent, and the protection provided by a ban on corporate membership seemed to Merrill unnecessary.

In 1953 the other members agreed, and amended the constitution to allow member corporations. This amendment was proposed not for the benefit of Merrill Lynch (many members of the Stock Exchange would like to see Merrill Lynch and all connected with it sink to the bottom of the sea), but in the rather naïve hope that the big over-the-counter dealers, most of which are corporations, would come do their business at the Exchange.

When the amendment passed, the firm got together with its lawyers and accountants, and found out that the excess-profits tax, which penalized new corporations, would hit too heavily at Merrill Lynch & Co., Inc. Then the excess-profits tax went off, and the lawyers, consulted again, produced an opinion that under the strictest letter of the law Merrill Lynch would need the signed permission of every customer to change its form of organization. The partners examined this opinion from a distance, looked at their long lists of customers, and said "Uh-uh."

The Competition

The other ninety per cent of the business on the New York Stock Exchange is done by firms ranging in size from the likes of Bache & Co., nearly half as large as Merrill Lynch, down to one-man, one-girl, one-clerk offices. A large underwriting house like Goldman, Sachs may be a member firm, but the individual member never looks in, and all transactions are done by "$2 brokers." Wertheim & Co., with two members and a capital of more than nine million dollars, has a two-man order room calling in orders to one clerk on the floor, and the account cards of all active customers are kept in two little metal filing boxes on the head bookkeeper's desk. To these firms, which make their money elsewhere, the brokerage business is merely a sideline, a service to important customers.

The size of a brokerage house can be determined at sight by the extent of its teleregister board, a black wall with yellow numbers which revolve at the touch of a distant key to show the price of the most recent sale. The board is more useful than a mere ticker, because the seeker after knowledge does not have to thumb through yards of tape to find the stock he's after; he merely looks up at the board and sees. Western Union used to run the teleregister service, but sold out to the Ogden Corporation at the end of 1953; whoever runs it, however, the broker pays an installation fee and then a yearly rental based on the number of stocks shown on the board. At Merrill Lynch all stocks of reasonable activity are shown on a concave board occupying about one-quarter of the length of 70 Pine Street.

THE SMALLER HOUSES, by and large, concentrate on giving personal, detailed service to a small group of wealthy customers who put their money in a broker's hands and—within limits—let the broker manage it. Merrill Lynch is organized to give service to the man who knows more or less what he wants. Though the hundred researchers will recommend portfolios, they do so only on request; and they do it by asking a few crucial questions and pigeonholing the customer's needs into one of a few general categories. The main service of the research department is the preparation of reports that will be evaluated by the customer himself, not by his customers' man. Customers are advised to submit their portfolios for periodic examination, because securities can go sour as quickly as cream and because a brokerage house makes its living by having its customers sell and buy securities. If the customer does not submit his portfolio for correction or approval, however, Merrill Lynch will not bother him. He had the sense to make the money; he ought to have the sense to invest it properly.

The smaller brokerage firms are seldom interested in the man with five thousand dollars to invest. If they do business with him at all it will be to sell him a mutual fund, pocket the commission, and turn him loose. But Merrill Lynch is interested in almost everyone. The goods—carefully graded by the clerks—are on the counter. The store is open all day. And the customer is always right.

WILL THE PRESIDENT RUN AGAIN?

ERIC SEVAREID

THIS HAS BEEN a most important week in terms of 1956 national politics. It was important for what did *not* occur. If there were to be a national third party next year, either of the Right or the Left, we would have received the first real evidence of it these last few days. But the moment has come and gone, leaving behind an almost complete certainty there will be no third party.

In Miami, the AFL and the CIO finally agreed on the long-sought merger that will combine 15 million union members under one national leadership. This development, dreaded by many conservatives, may mean considerable labor influence on the course of 1956. In part it was brought about by President Eisenhower's cold-shouldering of labor. But when the merger negotiations were completed, it was perfectly clear that a national labor party is not a goal of the new hierarchy in the foreseeable future.

In Chicago, two thousand Republican right-wing bitter-enders gathered to vent their anger at the Eisenhower Administration. They talked about "recapturing" the Republican Party for what they call "constitutionalism." That is their normal expectable wish and unlikely to be fulfilled; but what was significant was that their talk about forming a third party of their own was very brief talk, very cautious talk, and very much minority talk, even in that Chicago gathering. A right-wing third party seems no more in the cards than a left-wing third party.

This week, Republican leaders are here in Washington, deciding on a convention date and city, and plans for organizational and money-raising work. They are in high spirits; they know a right wing break-off is a very minor risk; they know the money is forthcoming; they know the condition of the country, on balance, is good; they know the President is still a popular figure. What they do *not* know is whether he will consent to run again. They are *assuming* he will, and are persuading each other he will. But they cannot be sure, and will not be for a long time. The President has not yet made his final decision, does not have to make it, and probably won't until approximately this time next year.

Here is the situation at present, as outlined chiefly by an individual whose credentials for discussing this intangible and subjective question are not easily disputed:

The President is in a more cheerful mood about his job. Had the Democrats won a big victory for Congress last fall he would have felt very discouraged. But he has taken their small margin as a kind of moral victory for himself. He has a strong feeling that the country is largely behind him and that, barring unforeseeable developments, he could win again in 1956. Among party leaders the conviction is growing that Eisenhower is a political phenomenon on the order of Franklin Roosevelt.

His health is good; he takes better care of it than any President for many years; but he is not unaware that if re-elected he would be seventy before leaving the White House, too old to enjoy all the hobbies of which he's so fond. He would be older, at the end of a second term, than any White House occupant in American history. This is the only point party leaders are sensitive about now, and wish to play down.

The health of the President's wife is better now than it was three years ago, when her physical strength was one of the really critical issues on which his candidacy for the nomination depended in his own mind. She holds up under the official routine better than she did a year ago. She would rather he did not run again; but she does not press the point and does not wish her own feelings to be involved in the decision.

THE PRESIDENT himself would rather not run. But he will decide, when the time comes, on the basis of three things: the state of the world, the prospect for his party without him, and his health. Those close to him project it this way: His health will be all right next year; the world will still be in a critical state; and they can convince him that the party will lose without him.

Therefore, party leaders are, at present, entirely confident the Eisenhower name will be on the ballot in 1956.

(*A broadcast over CBS radio February 14.*)