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**Edwin J. Perkins.** *Wall Street to Main Street: Charles Merrill and Middle Class Investors.* New York: Cambridge University Press, 1999. xiv + 283 pp. $29.95, cloth, ISBN 978-0-521-63029-0.


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In this book, Professor Perkins provides an illuminating business biography of one of the most influential figures in modern investment finance. A founder of the nation's largest investment banking firm, Charlie Merrill transformed the major financial markets with his belief that people of limited resources should have access to the same professional investment advice as the wealthy. By pioneering the idea that middle-class Americans should become active investors in stocks and bonds, Merrill helped to demystify Wall Street, but more importantly offered a way for millions to achieve a secure financial future. Significantly, his vision of a nationwide chain of brokerage firms serving Main Street America--his most memorable accomplishment--evolved from a lifetime of achievements.

As Perkins capably details, the business life of Charlie Merrill consisted of three separate, but interrelated careers. Merrill was born outside Jacksonville Florida in 1885 and educated in the North, where he graduated from Amherst. Merrill entered the world of Wall Street by way of an old school friend who told him about an opening in a small brokerage firm. This contact was but the first of a string of career-advancing personal relationships Merrill cultivated in his professional life. After learning the brokerage business, Merrill went out on his own and by the early 1920s had teamed up with Eduard Lynch to form Merrill, Lynch & Co.

The new firm was stunningly profitable in the legendary Bull Market of the 1920s, providing business and institutional clients with a variety of merchant banking services including those relating to bond issues and mergers and acquisitions. In the process, Merrill, Lynch & Co. achieved a positive reputation working with new industries like motion pictures and chain stores. Merrill's interest in "the chains" stemmed in part from his childhood job working in his father's pharmacy, and he acquired interests in several of the major firms including Safeway grocery stores. By 1928, Merrill warned his partners and his clients that the stock market was overvalued, and pushed for a more conservative investment strategy that by October 1929 helped the company and its customers preserve much of their wealth. With the stock market mired in a prolonged slump, Merrill and Lynch sold their brokerage business to E.A. Pierce & Co., and the smaller firm became essentially dormant as the two partners opted for semi-retirement. By 1932, the first career of Charlie Merrill as an investment banker came to an end.

While Eddie Lynch enjoyed a retirement of pleasure and travel, Charlie Merrill spent the depression years managing Safeway Stores, in which he was the majority stockholder. Although he was not a director and did not hold an official position in the company, Merrill was a key force in helping to make Safeway the leading chain of grocery stores in the West. The experience gave the former investment banker crucial insights into the operation of a consumer business, especially one that relied on economies of scale for success. In 1940, these lessons proved valuable when Merrill's long time business associate and fellow Amherst alumnus Win Smith encouraged him to return to his old firm in an effort to revive its waning fortunes. Smith had joined E.A. Pierce when it acquired Merrill Lynch's brokerage business, and although his new employer was the largest chain of brokers in the country, by the end of the 1930s it was on the verge of bankruptcy. Even as the national economy emerged from the decade long depression, the brokerage business remained in the doldrums, and Smith hoped Merrill would rejoin as managing director and contribute some much needed capital. Merrill, who was tiring of retirement, accepted the challenge, thus ending his second career and beginning his most important part of his long business life.

The older Merrill, Lynch & Co. merged with E.A. Pierce, and Merrill began charting a future for the new firm. Although he returned to Wall Street, Merrill did not intend to be a merchant banker, but rather wanted to develop investment-banking services such as retail brokerage. His work with Safeway had shown Merrill how a broad distribution base could increase sales and revenues, and he wanted to replicate this in the brokerage business in order to tap the growing wealth of the nation's middle class. To do this, however, Merrill had to change the negative public image of stockbrokers. Because brokers worked on a commission, a prevailing attitude was that the main goal of brokers was to "churn and earn" by encouraging customers to make needless trades so the brokers could earn fees on the transactions. Merrill instituted straight salaries for all employees as a way to dispel these perceptions, and while this move did have the potential of reducing broker earnings, a new company-sponsored retirement profit-sharing plan helped minimize the loss. The firm also began to refer to brokers as account executives, a practice still used throughout the industry, and it also assigned customers to brokers based on clients' investment objectives.

Merrill, whose lifelong credo was "first investigate then invest," also sought to improve the education of both the firm's employees and the public. To build the image of brokers as professionals, Merrill pioneered an in-house training program that included courses on all aspects of merchant and investment banking. He also increased the size and scope of the research department so brokers could provide their clients with current and accurate investment advise. To bring down the veil of mystery surrounding the stock and bond markets, Merrill was among the first to use mass-market advertisements explaining how and why people should save for special goals like education or retirement. Although these efforts took time to bear fruit, they ultimately helped millions gain a better understanding of financial markets and the need for systematic savings. By the time of Charlie Merrill's death in 1956 his firm was the dominant force in retail brokerage with the formal name Merrill, Lynch, Pierce, Fenner & Beane, known informally as "We the People"--today known as Merrill, Lynch, Pierce, Fenner, & Smith.

Perkins' book is an important scholarly portrait of a leading Wall Street personality, and presents his story in a clear and concise fashion. Perkins had a wealth of primary source material at his disposal, and this constitutes one of the main strengths of the work. Perkins conducted numerous interviews with Merrill's children and business associates, and obtained access to documents in the Merrill Lynch archives previously unavailable to those outside the company. Most of the source citations refer to direct quotations; while this is certainly adequate for the lay reader, historians might wish for a fuller annotation. Perkins' deftly employs Chandlerian business theory to place the story of Charles Merrill in a broader perspective. Realizing that some of these concepts may be confusing to nonacademic readers, the author provides clearly understandable explanations for both theoretical and financial terms. Perkins avoids the tendency of a biographer to glorify his subject. He describes Merrill's inability to see the potential for many financial innovations, such as mutual funds, which he believed would never be popular with the investing public. Still, Perkins may be giving too much weight to Merrill's prescience in making early, confident predictions about the stock market crash.

The weaknesses of this book they are minor, and do not detract from its value to scholars and the general public. *Wall Street to Main Street: Charles Merrill and Middle Class Investors* is highly recommended to those interested in the history of finance, investment banking, or the service industry. Perkins presents a complex story in an accessible manner, combining rigorous historical analysis that is refreshingly free of the intricacies of financial jargon.

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