

Street of Dreams–Boulevard of Broken Hearts: Wall Street’s First Century. *By Howard Wachtel*. London: Pluto Press, 2003. xv + 224 pp. Index, notes, bibliography, illustrations. Cloth, \$25.00. ISBN 0-745-31925-4.

Reviewed by Janice Traflet

“Alongside specific realities that build a history of Wall Street, there is the *idea* of Wall Street: the impressions, dreams and illusions projected onto it,” writes Howard Wachtel, professor of economics at American University, in his latest book, *Street of Dreams—Boulevard of Broken Hearts* (p. xi). How New York’s famous financial district evolved, not just as a place but also as a symbol and an idea, is this book’s ambitious subject, which the author pursues with a multitude of goals in mind. Wachtel wants to provide “a hearing to those older voices” who shaped the securities market (p. xi). He also seeks to examine Wall Street’s shifting relations with Main Street and Pennsylvania Avenue. The “outcome of tensions among these three streets,” Wall Street is, according to Wachtel, a “contested reality,” which is “subject to competing interpretations of facts, each contingent upon the orientation and reputation of the presenter” (p. xiii). In exploring these “competing” and “contested” perceptions, Wachtel aims to separate myths from realities. To do so, he intends to use a “new historical methodology, not yet applied to Wall Street, that challenges the solidity of most ‘facts,’ looks at historical evidence as not susceptible to a de-coupling from its source, and gives as much weight to perceptions of events—the play of surfaces—as it does to the event itself” (p. xiii). Finally, Wachtel desires to illustrate the modern-day relevance of his nineteenth-century history; he argues that the themes and characters he discusses periodically reappear on the twentieth-century Street “without much alteration except for names, context and particular triggering mechanisms” (p. 30). Wachtel delivers on some, but not all, of these goals.

As a history of Wall Street in the 1800s, *Street of Dreams* covers most of the topics one might expect, like the Buttonwood Agreement and its background, the impact of the War of 1812 on Wall Street as well as the Civil War, technological advancements, like the telegraph and the railroad, as well as various panics and market manipulations. Though Wachtel claims that this material has been relatively ignored by scholars, several

solid histories of the period already exist (though, admittedly, often buried within large, general histories of the New York Stock Exchange [NYSE] or, conversely, focused not on the nineteenth century as a whole but on more specific topics, individuals, and events).

In his rendition, Wachtel accords a prominent place to the usual characters, like J. P. Morgan Sr., Cornelius Vanderbilt, James Fisk, Jay Gould, and Jacob Schiff, and he presents them mostly in the traditional, negative light. Arguably, this “robber baron” perspective can be considered part of the Street’s mythology (a myth, after all, is simply a half-truth). Given the author’s declared interest in the perceptions of events (the “play of surfaces”), one might have expected a detailed evaluation of the robber baron account, its genesis, and its persistent grip on the popular psyche despite periodic challenges to its accuracy. By lending credence to it (and indeed, by not explicitly recognizing his slant), Wachtel ironically reinforces a market myth, despite his professed interest in debunking misconceptions.

While Wachtel reinforces some myths and avoids tackling others (like the illusion of mass investing in the 1920s boom market), he does address some misunderstandings about the Street. For instance, he explores in detail the real origins of the NYSE. Purportedly, the Exchange was founded under a buttonwood tree in 1792. In actuality, as Wachtel explains, the association can be more accurately traced to a meeting at Corre’s Hotel. Moreover, the organization that was founded in 1792 does not possess as clear a link to the present-day NYSE, as Wall Street lore suggests.

Wachtel details the Exchange’s efforts to use the Buttonwood Agreement to forge a positive image of Wall Street on Main Street. However, he does not assess its degree of success. It would seem, at least to this writer, that the Exchange failed to promote effectively its founding story, considering the extent to which negative conceptions of the Street prevail and considering that most people probably have never heard of the Buttonwood Agreement.

Unless they have read Wachtel’s book, most probably also have never heard of Nathaniel Prime, the first president of the New York Stock and Exchange Board (the predecessor to the NYSE). While the cast of characters in *Street of Dreams* generally is not novel, Wachtel does give a voice, as he promises, to some forgotten individuals important to the Exchange’s history. Nathaniel Prime is a case in point. Researching the

Prime family papers at the New York Historical Society, the author unearthed interesting vignettes from this man's career, and he entertains the reader with some engaging trivia, like the origins of the term "prime rate of interest." Had Wachtel conducted more archival research of this caliber, his book would have been greatly enriched.

Perhaps he is trying to cover too much ground, and this impedes him from analyzing his subject with depth. While his book is full of references to shifting Main Street–Wall Street–Pennsylvania Avenue relations, he does not thoroughly explore these interactions. The triangle metaphor serves more as a surface device to unite the book than as a digging tool to probe the "idea" and meaning popularly accorded to Wall Street.

To be fair to Wachtel, it would be hard to imagine a book of reasonable length that could adequately examine the highly complex interactions among those three streets. In *Main Street to Wall Street: Charles Merrill and Middle Class Investors* (1999), historian Edwin Perkins excelled through adopting a much narrower approach: he selected just two of those streets, concentrated on a shorter time span, and limited his focus to the impact of one man. By choosing a significantly broader topic, Wachtel is necessarily forced to simplify his analysis. As a result, Wall Street emerges as a deceptively monolithic entity when, in truth, it is composed of diverse and often competing factions. Tracing the evolution of these factions, while highlighting the groups that dominated Wall Street at various junctures and why, would have shed more light on the modern character of the securities market.

*Street of Dreams* nonetheless is a timely book. As the NYSE's future has become the subject of intense debate, it is particularly interesting to pause and reflect on the institution's origins. Whether the physical creation site resided under the boughs of a buttonwood tree or in the bowels of a raucous hotel really does not matter. Far more important, as Wachtel implicitly recognizes, are how the "idea" (or rather the *ideas*) of Wall Street formed and how these ideas continue to evolve.

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