

# FREEMarket

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## CHEERS TO THE PEDDLER CLASS

Frank Chodorov

*Frank Chodorov (1887–1966) was a journalist of the Old Right. He wrote this excerpted essay for his 1962 book Out of Step, newly in print in the Mises Institute Student Series.*

I was born on the lower East Side of New York and brought up on the lower West Side. (I bring in these facts as introduction to some ideas that may be of general interest, not as autobiography.) Of my earliest experiences I remember practically nothing.

But, one incident does come to mind. My father, an immigrant who, like many others, took to peddling as a means of making a living, brought me a toy of some sort from one of his trips; maybe the fact that this was the only toy I ever had, if memory serves me right, made an indelible impression on me. In those days, and under the circumstances, a toy was a rarity in the life of a youngster.

As a vocation, peddling has long since gone out of style in this country, and the image of the peddler that has remained is not a glamorous one. Yet, the peddler must be given credit for helping to build the great American economy. He began his enterprise by bringing to the hinterland a modest pack on his back, as much as he had capital for, selling the contents and returning to his distributing point as soon as possible. He lived frugally, saved much of the proceeds of his sales, and invested his savings in a larger pack. He continued this process until he had saved enough to buy a horse and wagon, which enabled him to go more deeply into the sparsely settled areas and distribute more merchandise.

After a few of these trips he found a burgeoning community that gave promise of supporting a permanent or resident peddler, that is, a merchant. He built a shack in this town and filled it up with things folks wanted, and made his residence in the back of the store. In due time, he brought a wife to help him with the chores and to share with him his meager quarters. As the town grew so did his store. He built another room to hold more wares, and then an upper story, meanwhile moving his wife and children to a more commodious house. And when he died he left his heirs a department store.

This is the story of most of the department stores, the merchandise marts, that dot the American landscape today; they began with a pack on some peddler's back. Indeed, it is the story in broad outline of many of the industries that make up the American economy, from steel to automobile; some pioneer, beginning in a small ⇒

way, exercised industry and thrift and plowed back his savings into his business to serve the needs of the community. He might have, as conditions warranted, borrowed the savings of others to expand his enterprise, but until he had demonstrated his ability to render service, and the need for it, his capital consisted mainly of his own savings.

That practice has gone by the boards these days for one reason: the income tax absorbs the savings of the entrepreneur before he can lay his hands on it. The tax collector gets the accumulations that might have been plowed back into the business, and growth from modest beginnings is therefore impossible. This has the tendency to discourage enterprise, to freeze the proletarian into his class regardless of his ambition or ability. The imaginative entrepreneur of today must begin on a relatively large scale, by borrowing from the government against a government contract or some enterprise undertaken on a government grant or guarantee. The “little man” must remain little.

Now, the peddler, using the term figuratively, was the backbone of the American economic and social system. He was the middle class man who prided himself on his initiative, self-reliance, independence and, above all, his integrity. He might be shrewd and even grasping, but he never asked for favors and certainly did not expect society to take care of him.

In fact, if he thought of society at all, he thought of it as a collection of individuals, like himself, each of whom contributed to it, and that without them society simply did not exist. To keep his

standing in the society of which he was an integral part, he paid his debts and taxes regularly, went to church as a matter of course, voted as his conscience dictated, contributed to local charities and took part in civic affairs. To be “good” a society had to consist of “good” men, and therefore the ethos of his community was his own. He was society.

And he was middle class. But, the term, in the context of the early part of the century, carried certain connotations that have been lost. In popular usage the term “middle class” designates those whose incomes provide them with more than the mere necessities, who enjoy some of the luxuries, who have saved up something for future contingencies, and who are neither “rich” nor “poor.” That is, we think of the middle class in terms of income.

In that context, we might include in the present middle class many who in former times would have been classified as proletarian; for the income of many who work for wages today is sufficient to provide them with satisfactions that would have been luxuries to the old middle class. The merchant or the banker of that era did not dream of an automobile or of a Florida vacation, nor did he enjoy any of the home conveniences that are now considered necessities by most of those who have nothing to sell but their labor. Thus, in economic terms, the middle class is much larger and much more affluent than it was in the past.

The middle class, of the earlier period, was identified by something besides economic status; one thinks of them as a people motivated by certain values, among which integrity was

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uppermost. The middle class man was meticulous in fulfilling his contractual obligations, even though these were supported only by his pledged word; there were few papers that changed hands, fewer laws covering contracts, and the only enforcement agency was public opinion. In the circumstances, personal integrity in the middle class community was taken for granted; anyone who did not live up to his obligations was well advertised and lost his credit standing. Bankruptcy carried with it a stigma that no law could obliterate and therefore was seldom resorted to.

The life of the old middle class man was, by present standards, rather prosaic, even humdrum, being enlivened only by plans for expanding his business. If he had dreams, these were concerned with getting ahead by means of serving his community better, of widening the scope of his enterprise. But, his personal life was quite orderly and quite free of eroticisms; rarely was it disturbed by divorce or scandal. His sense of self-reliance imposed on him a code of conduct that precluded psychopathic adventures and gave him stability. Orderliness in his personal life was necessary to his main purpose, which was to produce more goods or render more services for the market; that burned up all the surplus energy he had at his disposal.

It never occurred to this middle class man that society owed him a living, or that he might apply to the government for help in the solution of his problems. The farmer is a particular class in point; the present day agriculturist, who must be included in our present day middle class in terms of income, holds it quite proper to demand of government, that is, the rest of society, a regularized subsidy, even a subsidy for not producing; the farmer of the early part of the century would hardly have thought of that.

The merchant or manufacturer located in the area served by the Tennessee Valley Authority has no hesitation in accepting electricity at rates that are subsidized by the rest of the country,

and even demands more of that handout, without any hurt to his self-esteem. The pride of the peddler, the entrepreneur, has left the industrialist who now grovels before legislatures and bureaucrats in search of government contracts, while the independence that characterized the early banker has been replaced by a haughty obsequiousness of the modern financier in his dealings with government.

Indeed, it has become a “right” to demand a special privilege from the authorities—as, for instance, the urgency of professional athletic organizations for publicly financed stadia in which to display their wares; and the man who secures such a privilege does not feel humiliated by its acceptance, but rather holds his head as high as did the earlier entrepreneur who made his way on his own steam.

Among the modern middle class men, in terms of income and the station in life they have attained, there are two categories that deserve special attention: the bureaucrats and the managers of the great corporations. In earlier days, the government employee was held to be a man who could not have made his way in the business world and was therefore tolerated with condescension; he had little to do and his remuneration was correspondingly small. Even the few entrepreneurs who entered the public service did so mainly under draft, as a necessary though unwanted duty, to be got out of as soon as possible.

Today, the government agent holds his head higher than do those who furnish him his keep—he is the government while they are only the people—and is held in esteem by the very ones he dominates. He is, of course, a non-producer, but in the present ethos that circumstance does not degrade him, either in his own eyes or that of society; indeed, the producer holds an inferior position in life than does the government official. The government official is the law.

The managers, of corporations owned by stockholders, have largely taken the place of the old peddler class.

But, while the latter were characterized by self-reliance and a willingness to assume responsibility for their choices, the managerial class, taking them by and large, hide their personalities in committee decisions. To be sure, the corporations must abide by the decision of the market (except where its principal customer is the government), but its operations are bound by rules, conventions and rituals behind which the management can well hide. Risk is something nobody takes, if he can avoid it, and where he must make a decision he is sure to have an excuse or scapegoat in case he decides wrongly. "Passing the buck" is considered *de rigueur* by even the supervisory help.

And, above all, security has become a fetish among all classes of society, from the lowliest wage-earner to the president of the corporation. To be sure, security against the exigencies of life has always been a human aim. But, while in the last century man made provision against disaster, in insurance, in paying off the mortgage on the old homestead, in savings, the tendency during the latter half of the twentieth century is to put the burden of one's security on society.

The young man entering the business world is not concerned with the chances of advancement that are open to industry and skill, but rather with the pension system provided by the company; and the candidate for president of the corporation is concerned with his retirement even as he takes on the duties of the presidency. This change of attitude from personal responsibility to collectivized security is probably the result of the income tax; it would be difficult to trace it to any alteration in human nature or any deterioration of character.

It is most difficult to find a cause and effect relationship to explain changes in the ethic of a people, as, for instance, the transmutation of the freedom-loving (and therefore self-reliant) American of times past into one leaning on society. Undoubtedly, ideas have consequences, and the current urgency to turn

to government for assistance in solving life's problems might be traced to the socialistic and populist ideas promulgated during the last part of the nineteenth century.

But, ideas must be institutionalized before the mass of people can accept, or even comprehend, them; a religious concept has no meaning until it is ritualized, given material form in a church and reduced to a catechism. So with political ideas. The socialists and the populists might have ranted on and on *ad infinitum* and without effect, had not the politicians, in their own interests, taken hold of these ideas and institutionalized them.

The ethic of the nineteenth century (sometimes called the Protestant ethic) held that man was endowed with free will and therefore was a responsible being, responsible for himself, responsible to his fellow man and to his God. The origins can be traced to the Industrial Revolution, with its emphasis on individual initiative; or perhaps to the introduction of the capitalistic system, with its emphasis on contract rather than on status, which prevailed during the feudalistic eras. The emergence of the idea that "a man was a man for a' that," that freedom from restraint was his due, not only gave him a sense of individual dignity but also put upon him the necessity of making choices and of suffering the consequences. This called for industry, thrift, and self-reliance. Society could do nothing for the individual which he could not better do for himself; in fact, society could do nothing for the individual.

This ethic held, in this country, because it was institutionalized. There was the institution of the Declaration of Independence, and the institution of the Constitution, with its inhibitions on the power of the government. A particularly inhibitory influence was the limitation on its taxing powers; the government could do little in the way of interfering

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# News from the Institute

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## Mises Biography

The Mises Institute will gather to celebrate our 25th anniversary with the release of the long-awaited and definitive biography of Ludwig von Mises by Jörg Guido Hülsmann. The writing took eight years, and is the culmination of research in five countries and six languages. There's never been anything like it in the history of biographies of economists, and it is a landmark in the history of the ideas of liberty as well. This exciting book covers not only the unknown aspects of Mises's life and work but also the whole of Continental ideas on economics from the late nineteenth century through the mid-twentieth century. Herein you find the full story of the vogue of socialism between the wars, and how few saw the errors. We discover the intellectual errors that led to Nazism and central economic planning. Hülsmann chronicles the tragic rise of positivism in the social sciences as well. The release will take place at the Grand Hyatt, New York, New York, October 12, 2007. We hope you can join us. ■

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## The Seminar

Jörg Guido Hülsmann, in preparation for the release of his book, will be presenting a seminar on Mises and his times, July 23–27, 2007, at the offices of the Mises Institute in Auburn, Alabama. This is a seminar that you won't want to miss. It is not only the story of an intellectual giant but a story that concerns the fate of freedom itself. ■

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## Gordon on Political Philosophy

Economic science is bound up with political concerns in history, and it is pointless to pretend otherwise. Economists were once the main force of intellectual resistance to the rise of the state. For many decades, they have been apologists for the state. In his seminar from June 4–8, 2007, David Gordon will discuss the history of political philosophy with a particular emphasis on the impact of ideas on the idea of economic liberty. ■

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## The ASC and Beyond

Gathered in our offices from March 15–17, 2007 were 170 scholars in the Austrian tradition, people from all disciplines. They were here to present their work and enjoy informed criticism and comments—and also to enjoy being with colleagues. Austrians are more and more taking their rightful place in academia, but are outnumbered many times over, as interventionists and even socialists still dominate the landscape. Your support of the Mises Institute supports their efforts to make a difference. ■

Continued from page 4

with private affairs because it did not have the wherewithal necessary to effect interference. What it could get by way of excise taxes and tariff duties was just about enough to make it a going concern; its power of exploitation, inherent in all governments, was sharply delimited. Washington was a village on the Potomac where some legislators met for a few months in the year, to pass a few laws which little affected the welfare of the people, except when the laws had something to do with war.

Debates in Congress were interesting to read about or to talk about, but the issues involved did not concern the making of a living or the manner in which one got by in this world. Newspapers sent reporters, not correspondents, to Washington.

The ethic was further institutionalized in the manners and habits of the people, in the books that were written and the plays that were produced. For instance, the moral concepts of Hawthorne's stories, the peccadilloes of Mark Twain's characters, the simple tragedies in the lives of Louisa Alcott's

*Little Women* all emphasized the worth of the individual, while the popular plays dealt with individual heroics, rather than social trends. The school books, too, stressed the virtues of independence and personal responsibility. Charity was a personal matter, both for the donor and the donee; somebody gave to somebody, as a duty and not by way of law. Young folks took care of their parents, with love, not as they do now through the medium of taxation.

And so it has come to pass, during the second half of the twentieth century, that the ethic of the peddler class has been replaced by the ethic of mendicancy. I am inclined to the thought that the change indicates a deterioration of the American character; but, then, I am loyal to my youth, as is every older man, and may be prejudiced.

Yet, one cannot help speculating on the future. When the present generation, well inured to the Welfare State, shall have grown old, will it not also write books on the "good old days," even as this book speaks lovingly of the ethic of the peddler class? And what new ethic—every generation has its own—will these books decry? Maybe it will be the ethic of the totalitarian state. Who knows? ■

## The Mises Circle in Houston

You are invited to a meeting of the Mises Circle on Saturday, April 14, 2007, from 9:30 a.m. until 2:00 p.m. at Vargo's, 2401 Fondren, Houston, Texas. Join us for a working lunch and a mini-seminar on Austrian economics and libertarianism. James Fogal of the Mises Institute will also be available to discuss tax savings.

### Speakers:

**Walter Block:** Consenting Capitalist Acts: The Tyranny of the Left

**Guido Hülsmann:** The Cultural Cloak of the Coercive State

**Lew Rockwell:** Our Kind of Central Planning: The Tyranny of the Right

**Congressman Ron Paul:** Two Parties, One Tyranny: Party Politics on the Hill

Cost for the event is \$50, payable to the Ludwig von Mises Institute, or charge to a major credit card. Attendance is limited, so please register as soon as possible. To register phone 800-636-4737 or email [pat@mises.org](mailto:pat@mises.org). Student scholarships are available.

# Join us for our June seminars!



## ■ June 4–8

### **The History of Political Philosophy: From Plato to Rothbard A Steven Berger–Kenneth Garschina Seminar with David Gordon**

The world-renowned polymath and critic guides you through a history of the greatest thinkers, and evaluates them by their arguments for and against the idea of liberty.



## ■ June 11–15

### **Fundamentals of Economic Analysis: A Causal-Realist Approach A Seminar with Joseph Salerno and Peter Klein**

Joseph Salerno and Peter Klein are writing a new textbook on Austrian economics for graduate students, and this is their seminar on their approach.



**For more information contact Pat Barnett ([pat@mises.org](mailto:pat@mises.org)),  
phone 800-636-4737, or see [Mises.org](http://Mises.org).**

## UPCOMING EVENTS

- **DESPOTS LEFT AND RIGHT: THE TYRANNIES OF OUR TIMES**  
The Mises Circle in Houston—Sponsored by Jeremy S. Davis  
April 14, 2007 • Houston, Texas
- **THE HISTORY OF POLITICAL PHILOSOPHY: FROM PLATO TO ROTHBARD**  
A Steve Berger-Kenneth Garschina Seminar with David Gordon  
June 4–8, 2007 • Auburn, Alabama
- **FUNDAMENTALS OF ECONOMIC ANALYSIS: A CAUSAL-REALIST APPROACH**  
A Seminar with Peter Klein and Joseph Salerno  
June 11–15, 2007 • Auburn, Alabama
- **THE LIFE, TIMES, AND WORK OF LUDWIG VON MISES**  
A Seminar with Guido Hülsmann  
July 23–27, 2007 • Auburn, Alabama
- **MISES UNIVERSITY**  
July 29–August 4, 2007 • Auburn, Alabama
- **MISES INSTITUTE SUPPORTERS SUMMIT AND 25TH ANNIVERSARY**  
October 12–13, 2007 • New York, New York



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