
Economics and the Origin of the Restaurant

The restaurant as we know it is more a culmination of economic forces than, as commonly believed, an artifact of the French Revolution.

BY NICHOLAS M. KIEFER

Revolutionary Paris is often cited as the birthplace of the modern-day restaurant, but restaurants existed long before the French Revolution in other locations when economics and social mores made them feasible. In this article I explain the history and economics of restaurant development, both in eighteenth-century Paris and in thirteenth-century China.

The restaurant as it is known today had its origin in the taverns, inns, *traiteurs* (cookshops), and boarding houses of an earlier day. Those establishments offered food service (along with alcoholic beverages or lodging) well before the appearance of the modern restaurant, with its cook-to-order menu. Those early “ur-restaurants” (that is, primitive restaurants) existed in Paris and in other commercial cities in Europe (and elsewhere) well before the eighteenth century.

Paris was the dominant commercial and cultural center at the time of the emergence of the restaurant in Europe. Because Paris is widely cited as the birthplace of the restaurant, I focus mostly on the development of restaurants there.¹ Taverns made money principally from alcohol sales; inns and boarding houses from renting rooms, as well as serving food. These institutions served a *table d’hôte* at fixed hours and a set price. Often the diners were a regular crowd who knew how to sit near the table’s center. Meals could be intimidating to strangers, who sat at the common table with the regulars. A

¹ On Paris as the birthplace of the restaurant, see: Henri Gault and Christian Millau, *A Parisian’s Guide to Paris* (New York: Random House, 1969); Barbara K. Wheaton, *Savoring the Past: The French Kitchen and Table from 1300 to 1789* (Philadelphia: U. of Pennsylvania Press, 1983); and Rebecca Spang, *The Invention of the Restaurant* (Boston: Harvard University Press, 1999).

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quick hand was essential, as table service was “family style,” and portioning was competitive.

There was no possibility of choice in ordering—indeed, no ordering at all. One ate what one could get from the common serving. Payment was for a place at the table, rather than for dishes ordered or eaten. Regulars would sometimes be allowed to run a tab and pay from time to time. Strangers would be quoted prices on the spot, inviting bargaining and leading travelers to complain (reasonably) that they were being exploited. Visitors reported uniformly low quality, either because of lack of variety, poorly stored food, or improper cooking. Unpredictable table companions were another cause for concern. Dining times varied from establishment to establishment, meaning that travelers would occasionally have to try several places to find a meal.² Taverns—unlike roadhouses—had a long tradition of charging for items ordered—and providing drinks to order. That concept was a necessary precursor to the modern-day restaurant. With economic growth, the forces were in place to extend this concept to dining.

Economics of Restaurants

Pressures leading to the creation of the restaurant—with its individual tables, individual orders, flexible dining times convenient to the patrons, and payment by item ordered—came from both those who demanded food away from home and from its suppliers. From the diner’s point of view, the restaurant format offered a kind of privacy. The diner could eat alone or with companions of his or her choosing. The table d’hôte format is more social, but the mix of companions facing a stranger coming to an inn or cookshop wasn’t always ideal for outsiders. More important, the diner in a restaurant could order, eat, drink, and pay for only and exactly what she wished. In contrast, in the table d’hôte format one ate what one could grab of what was served. Finally, the restaurant patron could eat at the time of his convenience, rather than when the host chose to serve the meal. Of course, the diner had to be willing to pay for that privacy, convenience, and choice. Business travelers, informed and sol-

vent, were particularly attractive customers. Thus, this demand-side force was strongest where incomes were high and commercial activity was lively.

Supply-side pressures are also compelling. In the table d’hôte format, some diners would be willing to pay more for more or better food, while others did not come to the table at all because they did not want to pay for or eat so much. The restaurateur could hope to increase profits by selling different items at different prices both to trenchermen and to light eaters—in a rudimentary form of market segmentation.

Menus. The modern menu is a device for segmenting the meal market. Steakhouses offer fish or pasta dishes along with their signature meat items. Likewise, hamburger chains offer chicken as an alternative to their burgers. The hungry traveler who does not really want a hamburger may be unwilling to buy a burger at any price; certainly not at a premium. On the other hand, that person might pay a premium for a chicken sandwich. The burger lover, though, will gladly pay top price for the burger. By offering both items, the restaurateur sorts consumers into two groups, namely, those willing to pay for chicken and those willing to pay a premium for the burger.

The point of this type of segmentation from the consumer’s viewpoint is that both groups are

At the earliest taverns, strangers seeking a meal would be quoted prices on the spot, inviting bargaining and leading travelers to complain (reasonably) that they were being exploited.

eating what they prefer. From the restaurateur’s viewpoint, diners are willingly paying for the privilege to eat what they want. Market segmentation is a key to profitability in restaurants, just as it is in other retail businesses. With a restaurant format the entrepreneur can sell diners what they want. Costs and prices are much higher in the restaurant than in the roadhouse, but diners with high incomes are willing to pay a premium to get what they want to eat without arm wrestling a stranger for the food. Of course, market segmentation does not rule out the table d’hôte.

² Spang, pp. 7, 8, ff., reports travelers’ accounts of eating out in Paris before the restaurant came into existence.

Indeed, it is possible that efficient market segmentation leads to an institution with a table d'hôte, as well as restaurant service at other tables. This coincidence of styles occurred as restaurants were developed in Paris.

Ultimately, the forces of competition will engender the market segmentation that consumers desire. A cookshop or inn that is the only place to eat away from home in a village has flexibility in what it offers. However, competition forces suppliers to pay attention to consumers' desires.

Before restaurants appeared, travelers sat at a tavern's "family style" table with the regulars, where a quick hand was essential.

As dining establishments proliferate within a town or city, they will find that they must compete with each other for customers. Offering choice is one way to compete and to boost market share and profits. The supply-side and demand-side forces are thus reinforced by competitive pressures.

All in all, the economic forces promoting a shift from table d'hôte, operations to restaurant service are likely to be strongest in large and growing cities, where incomes are also large and growing. Growth is driven by commerce, and the flow of business travelers into a commercial city provides a steady demand. At the end of the eighteenth century, Paris was such a city. All that was needed was the idea of individual ordering and payment according to the item ordered. Already present in taverns, this type of service came next to cafés, and then to restaurants.

Paris Cafés

Cafés came later than taverns or inns, but clearly predated restaurants. Cafés could not come to Europe before coffee did, and coffee came to France from the Middle East and Ottoman Turkey (i.e., the Levant) in the seventeenth century. Coffee and cafés existed in Arabia and Persia in the fifteenth century, and in the Ottoman Empire in the sixteenth century. French travelers to

Constantinople reported: "Les Turcs ont un breuvage dont la couleur est noire.... On l'avale chaud... non pas durant le repas, mais après...."³

In 1644 a café opened in Marseille ("cette ville a toujours être la porte de l'Orient"), the village that had always been the doorway to the East, but this was evidently frequented by a group of Levantine friends and did not resemble the popular later cafés.

The first public cafés came to Marseille in 1671, about the same time as they appeared in Paris. There had been an earlier, unsuccessful attempt to open a café in Paris. "En 1643 déjà un Levantin en avait bien ouvert un a Paris,... mais cela n'avait pas réussi."⁴ By 1671 one could buy coffee in a number of boutiques throughout Paris. In 1672 the first successful café by that name was established: "vers 1672 un Armenian du nom de Pascal ouvrait à la Foire St-Germain ce que nous appelons un café: une boutique ou l'on pouvait consommer du café."⁵ Cafés served tea, hot chocolate, and coffee, and soon they also offered liqueurs, eaux de senteur, confitures, fruits confites, chocolate, ices, and sorbets. Café au lait appeared in 1685.

By January 1692 coffee imports and sales were substantial enough to attract the attention of the taxing authorities. In an abortive effort, the sale of coffee became a monopoly of the public treasury. The price was fixed and imports were allowed only through Marseille and Rouen. Smuggling naturally became briefly profitable. The price was fixed so high that sales fell significantly. By August 1692 official prices were lowered to about a quarter of the previous fixed price. This helped, but consumption bounced back slowly and smuggling remained profitable. By May 1693 the experiment had been dropped. The price was no longer regulated and only the import tax remained.

³ "The Turks have a beverage the color of which is black. One swallows it hot, not only during the meal, but after." Letter from Pietro della Valle, February 7, 1615, quoted by: François Fosca, *Histoire des Cafes de Paris* (Paris: Firmin-Didot, 1934), p. 2.

⁴ "In 1643 a 'Levantine' had been opened in Paris, but that did not succeed." Fosca, p. 3.

⁵ "By 1672 an Armenian named Pascal opened what we could call a café on the Foire St. Germain—a boutique where one could consume coffee." Fosca, p. 6.

Thus, cafés were part of the Paris scene almost 100 years before the revolution. By the middle of the eighteenth century, cafés were centers of social activity. Literary and political discussions attracted students, scholars, revolutionaries, informers, and agitators. These cafés had many of the characteristics of modern restaurants—namely, individual orders, tables, and checks, and some proprietors posted prices. The only thing missing was food service.

Birth of the Parisian-style Restaurant

Restaurants as we know them are widely supposed to have originated in Paris at the time of the revolution. Gault and Millau, for example, express the standard view: “But with the revolution, and especially after 1792, these great chefs...took their savings and opened restaurants.”⁶ Likewise, Wheaton writes, “Restaurants did not become an important part of the Parisian gastronomic scene until after the revolution.”⁷ The elimination of Guild rules that, among other things, prevented the baker from serving sandwiches or the butcher from selling bread, combined with the new Republican ideas of equality and fraternity led the way for the development of the restaurant. Most critically, the chefs and kitchen staff of the Old Regime aristocracy entered the Paris labor market. “Public” celebratory feasts spurred the demand for chefs, cooks, waiters, and kitchen workers, while ostensibly celebrating the ideas of equality underlying the new Federation.

Restaurants were enjoyed and attacked by both revolutionaries and counter-revolutionaries. The former accused restaurants of breaking up the tradition of common meals (and thus revolutionary solidarity), while the latter saw restaurant dining as an uncivilized revolutionary excess. Although restaurants proliferated in Paris during the last five years of the eighteenth century, the idea of the restaurant, offering individual tables, orders, and service at listed prices, preceded the revolution by at least three decades.⁸ The weakening of Guild authority began well before the revolution as a result of the physiocrat Robert

Turgot’s efforts as Controller General in 1776. Restaurants flourished after the revolution (more precisely, after 1794), but they existed in Paris, complete with menus, well before.⁹

Roze de Chantoiseau, self-styled inventor of the restaurant, provided the elite with healthy concoctions at private tables at the customer’s convenience. By 1773 the restaurant served full meals emphasizing health and cleanliness. The connection between cookery and medicine was closer then than it is today. People typically studied medicine together with food preparation in the Middle Ages and Renaissance. Indeed, restaurants were still called “maisons de santé” (literally, “houses of health”) during this period. Restaurateurs emphasized the health-related aspects of their businesses in arguing that regulations applying to cabarets, inns, and taverns should not apply to them (most specifically, closing hours). Indeed, the word restaurant meant “a cup of soup”—a restorative—well before the modern notion of a restaurant existed in western Europe.

Early restaurants in Paris served bouillon to order at the customer’s convenience, at individual tables, and at a listed price, just as cafés served coffee. An enterprising early restaurateur named Boulanger attempted to add a stew to his list of bouillons, but the *traiteurs* sued and won.¹⁰ Restaurants could sell restoratives but not food, although that situation did not last long. Some restaurants combined elements of the restaurant and the earlier *traiteur*, providing both table d’hôte and restaurant service. It soon became clear that providing individual table service to order (and individual private dining rooms, in many cases) was more popular and profitable than was offering a table d’hôte. The printed menu appeared by 1770. Through the magic of synecdoche, the word restaurant came to apply to the establishments serving restaurants, and became the name of the new class of businesses as they added food to their menus.

The restaurant industry, like all other aspects of city life, was an adventure during the period immediately after the Revolution of 1789. As I

⁶ Gault and Millau, p. 8.

⁷ Wheaton, *op. cit.*

⁸ Documented convincingly by: Spang, p. 14 (for example).

⁹ *Ibid.*

¹⁰ Spang examined this well-known story and concluded that it is unfounded. See: Spang, p. 9.

indicated above, the cooks of the Old Regime aristocracy found new opportunities as restaurateurs in Paris. Brillat-Savarin wrote that a man eating at a first-class restaurant was treated as well as a prince. The New Penal Code of 1791 specified that stealing from a restaurant was like theft from a house by a guest. This offered restaurants good protection, since the penalties for crimes were doubled for guests stealing from hosts, for hosts stealing from guests, for servants convicted of stealing from their masters, and for masters stealing from servants. As a result, theft from a restaurant could lead to eight years of forced labor.¹¹

Restaurants suffered the down side of this uncertain period with the New Regime's uneven governing ability. This is illustrated by the story related by Spang of Charles Doyen, who moved from the Queen's kitchens to the Palais-Royal restaurant after the revolution.¹² Doyen was arrested during the Terror under the Law of Suspects and guillotined because he admitted to missing the Old Regime and his former royal employers. Another ill-advised policy was 1793's Law of the Maximum, a massive attempt at wage and price fixing. This was predictably followed by a radical police state and commodity shortages. The maximum did not cover prepared foods (except bread), but, of course, the effects of shortages were transmitted throughout the economy. Militants characterized restaurants as ostentatious and an insult to the republic. Restaurateurs were occasionally charged with "hoarding," an offense on a par with treason.

The coup against Robespierre in 1794, which closed the most militant phase of the revolution, led to an era of extravagance, frivolity, and fun. Naturally, restaurants flourished in this environment. Ornate settings and four-column menus provoked one English writer to count 11 preparations of beef, 11 savory pastries, 32 poultry and game dishes, and 17 of mutton, 22 of veal, and 23 of fish on one menu.¹³ There were 2,000 restaurants in Paris by the beginning of the nine-

teenth century. The restaurant had arrived, and Paris was the dining capital of the world.

Why Paris?

Within continental Europe, it makes sense to look to Paris as the leading city and a center for innovation, particularly in the era when the restaurant arose. France in the eighteenth century was the largest and most populous country in Western Europe. Agriculture was still the dominant economic force, and France was blessed with fertile soil, a temperate climate, and abundant natural resources. Though mercantilism was taking its toll in terms of economic clout and Louis XVI was weak and ineffective, France remained Europe's dominant cultural, intellectual, and military power. Spain's glory had foundered with its New World misadventures. It had lost Belgium, Luxembourg, Milan, and Naples. Prussia and Austria were at war. Dutch commercial power was on the decline, while Britain was still seeking ascendancy after its own failure in the New World. The revolution left Paris a hotbed of ideas, experimentation, and commerce.

Why Not Elsewhere?

Although the French Revolution may have been a singular event, the economic forces underlying the development of restaurants were not unique to Paris. The City of Light, dominant in Europe, was not the largest, richest, or fastest-growing city in the world at that time. Western Europe was still recovering from the demographic effects of the plague, had not yet abandoned mercantilism, and was just beginning the transition to the industrial revolution. It makes sense to look elsewhere for the elements that would permit development of restaurants.

Thirteenth-century China provides an ideal setting. Restaurants that offered individual service and pricing at the customer's convenience existed long before the eighteenth century and arose in a culture entirely separate from that of France. It turns out that restaurants of this kind existed in China before the Mongol invasions. China's Southern Sung dynasty (ca. 1127–1279), for instance, had all the elements necessary for restaurants. The dynasty's dominion covered an area approximately four times the size of eighteenth-century France, and it governed a

¹¹ Spang, p. 104.

¹² Spang, p. 141.

¹³ Francis Blagdon, an English traveler and writer, cited by: Spang, p. 170.

population of over 60 million people.¹⁴ China then was lively, commercial, entrepreneurial, and corrupt. It had a monetary economy with a widely accepted paper currency and enjoyed an active foreign trade, primarily in silks and porcelain. Its capitol was the city of Hangchow.

Restaurants in Thirteenth-century Hangchow

Before the Mongol invasions, Hangchow was the largest city in the world, with about a million inhabitants. By contrast the largest cities in Europe, including Paris, were only a few tens of thousands. Hangchow had both roads and canals, and boats were used for passenger traffic as well as for freight. The main thoroughfare was the Imperial Way, stretching three miles from the Imperial Palace to the city gates. It was 60 yards wide and paved with stone and bricks. The center city featured multistory buildings, and ten major market areas featured pork, game, vegetables, fruit, fish (fresh and salt), and rice. Fashion products were available in specialized shops, and street vendors sold pieces of roast pork.

Hangchow was wealthy and luxurious, the center of elegance in China, much as Paris was for Europe 500 years later. Street entertainment (e.g., jugglers, minstrels, acrobats) was common, and there were daily performances in popular theaters, including singing and dancing. Teahouses and taverns, specializing in varieties of rice wine, proliferated. At this point, tea drinking had been popular in China for about 500 years. Three varieties of tea were cultivated near Hangchow. Others were imported from elsewhere in China. Taverns typically sold a limited selection of food as well as drinks. Menus would be handed to customers and might list pies (e.g., shrimp pie, silkworm pie, pork or mutton pie) or bean-curd soup, oysters, or mussels.¹⁵ (In contrast, taverns in the west, much later, would simply set out food for those who were drinking. This practice was common in pre-prohibition America and does not, by the definition used here, make the tavern a restaurant.)

¹⁴ Jacques Gernet, *Daily Life in China on the Eve of the Mongol Invasion 1250-1276* (Stanford: Stanford University Press, 1962), p. 17.

¹⁵ Gernet, p. 50.

The street activity and abundant commercial traffic in Hangchow generated demand for restaurants. The economic environment was perfect for the development of the restaurant trade, and contemporary accounts note “innumerable” restaurants. Gernet, for example, wrote: “The big restaurants had doors in the form of archways decorated with flowers.”¹⁶ Quoting an account dated 1275, Gernet continued: “As soon as the customers have chosen where they will sit, they are asked what they want to have. The people of Hangchow are very difficult to please. Hundreds of orders are given on all sides: this person wants something hot, another something cold, a third something tepid, a fourth something chilled; one wants cooked food, another raw, another chooses roast, another grill...”¹⁷ Hangchow also had many restaurants devoted to certain kinds of food or to regional cooking. Marco Polo commented on the restaurant scene there (with descriptions similar to those of the Chinese contemporaries) and in fact referred with enthusiasm to

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Hangchow as “the most noble city and the best that is in the world.”¹⁸

Market segmentation had become quite sophisticated by 1275. Rice was a staple, both in home and restaurant cooking. Nine different types of rice were cultivated near Hangchow. Beef was not eaten because the ox was a useful and expensive farm animal. As in contemporary China, there was no dairy herd. Milk and cheese

¹⁶ Ibid.

¹⁷ Gernet, p. 58, citing Meng liang lu, 1275, an edition published in Shanghai in 1956.

¹⁸ From *The Book of Ser Marco Polo Concerning the Kingdoms and Marvels of the East*, cited by: Gernet, p. 55.

¹⁹ These details are from: Gernet, Chapters 1 and 3.

were not part of the diet, but there was extensive variety in the restaurant cuisine.¹⁹ There were restaurants in the Kaefeng style, Szechwan (spicy even at that time), Ch'uchou (low-priced restaurants serving noodles with meat or fish), and possibly restaurants catering to the Muslim population—omitting from the menu pork, dog, and snails. Both fresh and salt-water fish were readily available. Geese and duck from the lake area and game from the nearby mountains found their way to the menus in Hangchow. Restaurants were also known for particular dishes like goose with apricots, pimento soup with mussels, scented shellfish soup in rice wine, ravioli stuffed with pork, and pig cooked in ashes.

Propelled by Demand, Economics

Restaurants, now constituting a \$400-billion industry in the United States alone, did not originate solely in Paris. The economic forces associated with the development of the restaurant are those associated with growth in income, population, and commerce. The French Revolution is widely thought to have spurred the invention of the restaurant, but Spang demonstrates that there were restaurants in Paris before 1789. Once one turns attention away from the revolution itself as a catalyst and toward the relevant economic forces, it makes sense to look elsewhere for development of restaurants. The Southern Sung dynasty provides a convincing case that Paris is not the only city with the characteristics for the development of restaurants. Although restaurants doubtless did not originate in thirteenth-century Hangchow, there was a lively, urban, restaurant culture there 500 years before restaurants existed in Paris (indeed, 400 years before Parisians knew of the fork). n



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