Review


This is a brilliant new book by one the most prominent economic historians of the day. It tells the story of how the regulation of the bread price (*broodzetting*) was entangled with many aspects of early modern living in the Dutch Republic. De Vries’s comprehensive analysis is based on a vast amount of micro data. With this approach, he offers – through the prism of bread – new insights on several topics that are elegantly linked. First and foremost, De Vries shows the fiscal importance of the bread price regulations for the income of both provincial and municipal institutions. This was crucial to the entire system. Secondly, whereas the market for grains was free, that for bread was heavily regulated. The result was a complex system of administration and control, in which millers took a key position that they refused to give up even after the abolition of the guild system. Milling cartels replaced guilds, which formed an impediment to innovation in the sector, most notably the introduction of steam mills. As such, De Vries shows a problem of path dependence of the *broodzetting*. This is a third insight: although advanced at the time of its introduction in the late sixteenth century, it had become an obsolete institution that even inhibited growth in the nineteenth century. Another, fourth change of perspective concerns the analysis of the grain market. De Vries shows that most of the popular wheat was produced within the Dutch Republic’s borders. He makes a strong case that Rotterdam was more important to the domestic grain market than Amsterdam, which specialised in rye trade for the international market. A fifth major contribution is that the book encourages historians to reconsider the methods to measure welfare ratios through consumption baskets. De Vries demonstrates that consumer preference for wheat bread changed Dutch consumer behaviour and labour participation for the entire household.
De Vries thus covers an impressive number of aspects and convincingly argues that we must understand them comprehensively. Written in an attractive style, the book provides a full picture of the importance of bread regulation. The structure of the book is straightforward, divided into four parts. The first part discusses the introduction of the price regulatory system around 1600. The second part analyses the supply side of bread production. Here, De Vries offers a meticulous reconstruction of the production costs included in the price of bread, devoting a chapter to each component. The third part considers the consumer side. The book ends by returning to an international comparison and the abolition of the *broodzetting* in 1855.

In the first chapter, de Vries begins with the problem facing all premodern states and societies: grain prices could be highly volatile, while wages were not. To protect the population against the harshest consequences of fluctuating grain prices required intervening in the grain market. In most of Europe the prevalent system to control bread prices consisted of a fixed relation between bread prices and grain prices. The essence of the 'new system' was that it distinguished between constant and variable costs in the making of bread. The constant costs remained the same in the short term, but the variable costs increased with the grain price. In the old system, the bread price was only linked to the grain price; the higher the grain price, the higher the bakers’ income. Under the new system, bread prices rose less rapidly with grain prices because the baker’s wages remained constant. Still – and this is what De Vries analyses in chapter ten – the question is whether the new system succeeded in preventing a food crisis. The answer is that other forms of public relief, such as charity, were more important in times of distress. In setting the prices of bread in tranquil times, urban commissioners also paid attention to the available lower denomination coins with which the bread was purchased. The book is full of examples of such detailed yet informative evidence about the sophistication of the new system.

As mentioned, bread price regulation became the cornerstone of Dutch fiscal policy, through the milling excise. This tax yielded such substantial revenues that it was impossible to abolish, even after the Dutch Republic’s dissolution, in spite of the new regime’s ambitions. It turned out to be an ‘optimal tax’, due to the acquired taste of Dutch consumers, that is: their preference for luxurious wheat bread. An optimal taxation means that one minimises the so-called ‘deadweight loss’ in decreasing consumption of the taxed good. It should be noted that wheat bread was taxed approximately, twice as much as rye bread. Nevertheless, the demand for wheat bread proved inelastic – in other words, high taxes on wheat bread hardly decreased the demand and thus yielded substantial fiscal income to the state. In passing, De Vries also solves the classic question – already raised by Adam Smith – concerning the direction of causation between high taxes and high wages in Holland. De Vries argues convincingly that high wage levels allowed for the substantial taxation on bread consumption.

This focus on consumer preference connects *The price of bread* to De Vries’s earlier work on the *Industrious Revolution*, a concept that he invented and that has become mainstream in economic history. Their taste encouraged Dutch consumers to work longer hours to buy the more expensive wheat bread. A larger participation of women and children also increased the household income. De Vries thus returns to an older puzzle: how should we explain the increasing ownership of goods in probate inventories, as well the consumption
of colonial wares, while wages did not grow at the same pace? According to De Vries, households must have increased their efforts to purchase these goods by increasing their labour input. His present analysis casts doubt on the method of measuring living standards through daily wages. De Vries has previously argued that the demand came from exotic goods, like sugar, tobacco, or porcelain. Now he finds that the consumers’ taste for wheat bread was as important for the industrious revolution as those colonial imports.

The book raises some new questions, too. The first is why other states did not adopt the superior Dutch system of bread regulation and taxation. It appears that the Dutch Republic was truly early modern in this respect: it was no longer medieval, but also not yet entirely modern. The old system of bread pricing regulation had a late medieval origin and remained in place elsewhere in Europe until the eighteenth century. The broodzetting and milling tax outlived the Dutch Republic because of its relative sophistication compared to the alternative systems. The broodzetting was an instrument of binding the bakers’ guilds to the regents’ system of rule. The bakers benefited from the system because it suppressed competition, just as the regents needed the income to sustain the public finances, even after 1800. When discussing other countries, De Vries merely observes that if the new system was introduced it was half-heartedly or incomplete, but he does not explain why. Perhaps the stickiness of institutions played a role, or the urge to tax bread was smaller than in the Dutch Republic.

A second question concerns the regional differences in welfare and purchasing power. In chapter thirteen, De Vries compares wage levels based on a database (339-340). Although this reviewer was unable to locate this database, some Frisian towns are included in the ‘eastern Netherlands’, while elsewhere in the book Friesland had been part of the ‘western Netherlands’ (125). The inconsistency is not the main issue, but the relatively high wage levels in Friesland compared to the eastern inland provinces possibly is, as it may have painted a too rosy picture of eastern welfare.

Finally, the book covers so many aspects of bread price regulation and related topics that it almost becomes overwhelming in detail. Although it therefore seems unfair to raise questions about topics the author did not cover, I would have liked to learn more about how bread was consumed. Whereas the book tells us that other grains were often used in porridges and what else was part of the ‘republican diet’, the consumption of bread is left to the imagination of the reader. What were the complementary goods to bread? One would have liked to learn whether wheat bread consumption stimulated the production of spreads, such as jams for instance, which may have influenced demand through cross-price elasticity of demand. Yet in the end, these are minor questions stemming from an excited digestion of a wonderful book. This review falls short to do justice to the effort and dedication needed to complete the research underpinning this study. To experience its richness, anyone should read the book for themselves.

Alberto Feenstra, Leiden University

1 The database will be made available on the iisg website (e-mail by Jan De Vries, 20 April 2021).