

Philipp Lepenies, *The Power of a Single Number: A Political History of GDP* (New York: Columbia University Press, 2016), pp. 208, \$30. ISBN: 978-0-23117-510-4.

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The past few years have seen something of a publishing boom in books about Gross Domestic Product (GDP). One trigger might have been the Sen–Stiglitz–Fitoussi Commission on economic measurement, established by France’s former President Sarkozy, and reporting in 2009 with *Mismeasuring Our Lives*. For although the conventions of GDP and the national accounts have had their critics since they were cemented into place in the 1940s, it was the commission that gave authoritative official recognition to the argument that GDP growth is a decreasingly appropriate measure of economic success—hence, perhaps, the at least half a dozen non-technical works on GDP and its history published since 2014.

This is the blossoming genre now joined by *The Power of a Single Number*, which focuses largely on the early years of the GDP story, from the pioneering work of Simon Kuznets and Colin Clark in the 1930s, and the central methodological debate in which their hope of establishing an aggregate measure of economic welfare was defeated by the Keynesians during World War II, to the institutionalization of GDP in the postwar years. The book does not make an original historical contribution, drawing on standard sources such as Paul Studenski’s (1958) *The Income of Nations* and Andre Vanoli’s (2005) *A History of National Accounting*.

However, Lepenies’s book also includes Germany in the GDP story. This is not only a colorful and well-told tale involving kidnap and the theft of documents in occupied and divided Berlin, it also highlights the importance of wartime circumstances in shaping the way we have measured economic progress since 1945. For the centerpiece of this book is the distinction between the intention of Clark and Kuznets to measure economic welfare and the national accounts as actually implemented through the political tactics of John Maynard Keynes and American officials (Milton Gilbert is the central player in this account). Lepenies’s argument is that the outcome of the intellectual battle obliterated the earlier focus on income distribution in national income measurement, and replaced it with a materialist focus on production.

One of the other consequences was, of course, the treatment of the role of the state in the economy. For Clark and Kuznets (as documented by Studenski, for example), much state spending should be considered as intermediate production, an unavoidable cost of activity in a complex economy. Lepenies writes: “For Keynes, on the other hand, government spending was an important economic policy instrument in times of crisis” (p. 48). Hence *How to Pay for the War*, Keynes’s famous pamphlet, added government expenditure to private consumption and investment, reflecting *The General Theory*. Lepenies describes the very deliberate linking of the emerging system of aggregate measurement to the theory by Keynes and his supporters, taking advantage of the important tactical consideration that neither the American nor British government wanted to publish national income figures showing that government spending on the war effort was making the country worse off. Lepenies, like other authors such as Jim Lacey (2011) in *Keep from All Thoughtful Men*, sees the availability of early GDP figures as an important wartime advantage: “Because no set of tools comparable to gross national product calculation existed on the German side, the military leaders had obviously not been in any position to correctly assess the country’s productive potential, let alone tap it” (p. 117).

Subsequently, with the Allied victory, the new system of national accounts developed by the Keynesian Richard Stone through the UN was implemented in the western part of Germany and, through the OEEC (later OECD) and Marshall Aid, in all of western Europe. The Cold War only reinforced the political importance of measuring GDP growth—a point underlined by recent research in Matthias Schmelzer's (2016) *The Hegemony of Growth: The OECD and the Making of the Economic Growth Paradigm* and an as-yet unpublished thesis by sociologist Daniel Hirschman. In West Germany, on the front line of the Cold War, Ludwig Erhard was especially influential in identifying success with GDP growth. Lepenies also points out that the idea of GDP growth as the measure of progress was embedded in development economics, particularly through the work of Arthur Lewis, including his (1955) book *The Theory of Economic Growth*. This was important as Lewis “[d]rafted several of the United Nations’ early foundation documents on questions of development” (p. 134).

Lepenies thus gives a convincing account of the inherently political character of the definition of GDP and its identification with economic progress, given the context of the Second World War and the political influence of Keynes and his supporters. It is surely the case that all systems of defining and measuring national income have been politically determined since the days of William Petty. So the question addressed at the end of Lepenies’s book is whether the circumstances now are ripe for a replacement for GDP. After all, as the publishing boom indicates, this is a subject starting to be widely aired. He is somewhat pessimistic, noting that early official enthusiasm for a program of measurement ‘Beyond GDP’ has already been changed to ‘GDP and Beyond.’ He writes: “The success story of GDP shows those who hope for the rise of an alternative model to GDP just how difficult it will be to repeat its triumph and to break the power of a single number” (p. 156).

While it is certainly going to be difficult to coordinate all the players involved to move away from their GDP growth focus to another measurement standard, this conclusion may be too pessimistic, although it is certainly true that the political economy of statistics needs to be better understood. Indeed, this is exactly what a number of social scientists are beginning to do, as a precursor to the practical institutional politics of bringing about change. It is to be hoped this can happen without the trauma of war or the distinctive genius of Keynes; other traumas such as the increasingly evident damage caused by the decades-long lack of attention paid to sustainability might be enough to start the process of dethroning the single powerful number, the GDP.

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L. Albert Hahn, *Economic Theory of Bank Credit* (Oxford: Oxford University Press, 2015), pp. 160, \$75. ISBN: 978-0-19872-307-3.

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English speakers now have access to a work that pervaded German-speaking economics in the 1920s, L. Albert Hahn’s *Economic Theory of Bank Credit* (hereafter *ETBC*). The new English version, a compilation of three original German editions published from