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Lepenies, Philipp. *Die Macht der einen Zahl: Eine politische Geschichte des Bruttoinlandsprodukts.* [*The Power of One Number: A Political History of Gross Domestic Product.*] Berlin: Suhrkamp, 2013. 186 Pp.

Die Macht der Einen Zahl by Philipp Lepenies is a short history of gross domestic product (GDP) and its predecessors as measures of economic development and as measures of development in general. The book was published in the long running “Edition Suhrkamp” series of literary and theoretical essays. The fact that both economics and economic policy discussions often swirl obsessively around GDP figures has generated lots of heated debate and led to attempts to find better ways to compare and conceptualize economic and social development in different countries. Lepenies begins with this debate, and his work leads one to think that had the 20th century western history been more peaceful, the ways to measure the level of national economic development might have been more focused in the income enjoyed by individuals and families in the spirit of Simon Kuznets instead of focusing on production and value added in general. Yet, Lepenies's focus is in how GDP, a statistical construct still unknown before the Second World War, has managed to gain such a central position in economics and policy discussions.

For those not initiated to the subject, it may come as a surprise how young modern national accounting is and how new proper tools to compare economic development in different countries are. Less surprising might be that, as so often in technological development, the major crises of history – world wars and economic recessions – are interwoven to the development of the field. Considering the pervasiveness of GDP as a measure of economic development now, perhaps of curious interest is how some major figures in the history of economic thought were so dubious about its benefits, and even of possibility of collecting reliable extensive economic data, not to mention constructing a single numeric indicator from it.

The book is divided into six chapters. The first explains the differences between gross domestic product (GDP), gross national product (GNP) and net national income (NNI, Volkseinkommen) from a modern perspective. After defining the concepts, Lepenies concludes that from a historical point of view the critical development took place when the production based GNP and GDP replaced income stream based concepts, and therefore made a statistical concept a political one. According to Lepenies, these measures of national production were bundled with political goals from the beginning.

The following three chapters look at the development of the idea of measuring national income or production by focusing on the work and reception of Willam Petty, Colin Clark and Simon Kuznets. The first of these chapters is built around Petty and his ideals of political arithmetic and how these ideals were or were not visible in the works of some major economists from Adam Smith Arthur Cecil Pigou. Through Petty, Lepenies ties the history of GDP to the Baconian revolution and the founding members of the Royal Society. Petty helped his friend John Graunt with one of the first statistical publications, *Natural and Political Observations made upon the Bills of Mortality* (1662), which gave a relatively comprehensive picture of social and economic situation of any country, and convinced its authors that such knowledge was essential for good governance. An appendix to the *The Political Anatomy of Ireland* (1691), titled Verbum Sapienti, included the first ever systematic computation of national income. What is puzzling is how little value subsequent generations of economists put on actually calculating national income. By the times of Marshall and Pigou, the major goal of increasing the national income had become to solve the social question, but still the concept had rather theoretical role instead of political meaning. In 1932 Lionel Robbins wrote that welfare was not measurable in physical quantities, and instead of being a tool for striving for prosperity, economics was about studying and modeling decisions made among scarce resources.

The book then concentrates on the groundbreaking work of Colin Clark in England following the Great Depression. Clark was frustrated by the lack of proper data to analyze the dismal economic situation, and went on to develop foundational methods to empirically measure national income. Keynes later took his ideas further. The focus then shifts to United States and Simon Kuznet's work there, and how the disciples of Keynes superseded his founding work during the 1930s and especially during and after the Second World War. Lepenies then turns his attention to Germany, and describes the developments from the Wilhelmine era to the post-war period, when the national production accounting was adjusted to the standards developed in the United States and the United Kingdom. The book then discusses the final seeming triumph of GNP and GDP as measures of economic development, and how they were connected to the 1960s idea that the age old problem of social question was solved by the ever increasing production of goods that for the first time raised also the boats of the poor, who thereby had the incentive to contribute to the improvements in production methods, education and technology.

The book mostly stays out of very recent developments and discussions even while the quite recent project of finding alternative measures is one of its starting points. It would have been interesting, however, to see the modern financial services based growth discussed along with a concept that was developed to measure mostly material production after the Second World War. Furthermore, inclusion of intangible capital to the United Nations System of National Accounts 2008 and application of this standard to GDP calculations is going to raise GDP figures in countries with greater R&D spending. How a concept originally developed to measurement of mostly material production adjusts to a world of intangible assets and knowledge economy is an interesting question.

Yet, Lepenies does what he sets out to do in the introduction, and as a brief history of how GDP got to the place it now enjoys, the book works well. Furthermore, read together with for example *Mismeasuring Our Lives* by Stiglizt et al., one gets a crash course on how GDP came to be and what some of the more critical voices think might be wrong with it.

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One of Britain's foremost financial historians, Richard Roberts of King's College London, has written what should rank as the definitive account of the financial crisis which threatened the City of London, the world's leading financial center, as World War One brought the first era of globalization to a shuddering halt. This financial crisis was not confined to London, reverberating in all significant international financial centers, and was accompanied by a collapse in international trade with blockades and threats to shipping.

The approach of war brought unusual volatility in prices of fixed-interest securities; normal market-making broke down, London and provincial stock exchange firms failed, and these markets closed, as did the foreign exchange, discount (money), commodities and Lloyds insurance markets. International holders dumped British government securities, foreign banks in London called in their British loans and sought to repatriate their London balances, and remittances from Continental Europe were curtailed. Official interest rates rose from three to ten percent, the large joint-stock commercial banks also called in loans to the discount market and re-deposited these funds with the Bank of England ("the Bank"). In turn, the Bank invested in short-term British