Stefano Fenoaltea, *Reconstructing the Past. Revised Estimates of Italy's Product, 1861-1913*, Fondazione Luigi Einaudi, Turin, 2020.

As Stefano Fenoaltea affirms in his preface, this book is a *summa* of the results of his long-term research on the economic history of liberal Italy, with particular attention devoted to the method of economic and historical research. After early contributions on the economics of institutions (ancient and modern slavery, medieval agriculture), the author's unquestioned repute derives from his life-long quantitative reconstructions, and reinterpretations, of Italy's economy from national Unification to the Great War. Unfortunately, Fenoaltea's recent death makes this last book a sort of scholarly testament.

The central chapters present the latest, revised estimates for the Italian economy from Unification (1861) to the eve of the Great War (1913). These data, to go by Fenoaltea's definition, constitute the new, revised second-generation estimates of the GDP series (Istat-Vitali estimates, dating back to the 1950s, were the first attempt to measure GDP), from both the production and the expenditure side. For the agricultural sector, they improve the Giovanni Federico time series, created in 2005. The revised series for industry and services, in turn, incorporate the recent results of the author's latest work.

Most of the pages in this book consist of numbers, summing up the main results of the author's work over the long term. But the methodological issues discussed in the first chapter are even more significant for an understanding of the real meaning of his work and data, and also in order to define the epistemological guidelines related to economic history (and, more generally, economics) as a science.

The book starts with a deepened methodological discourse, a sort of intellectual history of economics. According to Fenoaltea, economic history should have been an integral part of the discipline of economics as such, together with economic theory and the history of economic thought. The old school of economists, from Luigi Einaudi to Joseph Schumpeter, had such an integrated view of economics. In the mid-1990s the "Americanization" of economics produced a separation between economic theory and history, characterized by the illusion of a total similarity between economics and the hard sciences. Due to a sort of parallelism, according to Fenoaltea, there emerged a new generation of economic historians unconscious of economic theory, with the consequence that the dualism between history and theory was maintained.

In the same years a new fact would change the nature of economic history: the rise of the so-called "new economic history" (or "cliometrics"). Fenoaltea was a critical witness to this transition, since he was at

Harvard University, working on a doctorate in economics, when the "new" economic history burst upon the scene; he was present at its creation so, in a sense, he was born as a "new" economic historian.
From the very first the new economic history suffered severe limitations, according to Fenoaltea, above all the relative lack of attention to the quality of data and limited familiarity with methodological and epistemological issues, just as in economics strictly speaking. Data collection is always regarded by cliometricians as manual work, not requiring any great knowledge of epistemological issues or of the historical framework of statistical institutions and statistical sources.
A proper epistemological approach, studying present or past economic reality, must be inspired, in Fenoaltea's view, by a sort of skepticism. In a critique of the naive "positivism" of economists (and cliometricians), he affirms that the so-called "facts" are actually a "manufact," an interpretation of reality. Nevertheless, we cannot confuse Fenoaltea's approach with mere empiricism: taking a Cartesian perspective, he defends the priority of the "logic" of economic discourse, in order to make sense of the enormous volume of economic facts and data available (some may recall the statement by Werner Sombart that "facts are like beads: they require a string to hold them together, to connect them. But if there is no string, if there is no unifying idea, then even the most distinguished authorities cannot help producing unsatisfactory work").[1]
The methodological approach proposed by Fenoaltea could be summed up as an invitation to better connect economic history and economic theory (in particular neoclassical political economy), and to pay special attention to the historical analysis of statistical sources. Any measurement, whether in the past or in the present, is also an interpretation of reality. Quantitative historians cannot simply measure the past; they must interpret the sources to reconstruct it, and such interpretation is far more difficult than the subsequent "analysis," for three sufficient reasons. Collecting data is a sort of "artisanal" work; the sources are opaque, and historians learn to understand them only little by little; reality is not immediately evident. In Fenoaltea's own words, "we cannot observe the past, we cannot reconstruct it as it really was; we can only reconstruct it as to our eyes, in the light of everything we know, it most probably was, 'it must have been'" (p. 13).
If the historical reconstruction of economic growth and the national accounts is more a craft than a science, in Chapter 2 Fenoaltea lays down

[1] W. Sombart, "Economic Theory and Economic History," in *The Economic History Review*, vol. II no. 1., January, 1929, p. 5.

five "rules of the craft." The first is that data in our sources cannot be taken at face value. We must see through them, gauge their relationship to the facts they ostensibly document, verify their credibility and potential usefulness; we must vet them or, to use a trendier term, "deconstruct" them. The second rule is: disaggregate. In other words, look more closely inside the source, in order to better understand the process of aggregation performed by statisticians and discover all the details. The third rule is to think, when we produce an index (of prices, wages, production etc.), i.e. to remember that when we reconstruct a time-series, we are filling a gap, an absence of data. Interpolation is precisely this. Historians must absolutely be realistic when they produce a linear (or other) interpolation, comparing the statistical data available with other kinds of sources. The fourth rule is more technical: we must deflate all current-price values with the same deflator; that is, deflation must be general and not activity-specific. The fifth rule is that we should measure only what we want to measure. This implies that we must know that not everything is measurable, and that the concept of GDP itself is a limited instrument for analysing economic reality. As Fenoaltea remarked recurrently during his lessons, measured product is not a fact, something we observe, but a construct, one of many possible constructs. GDP was invented, as a statistical concept, in the United States in the 1930s and further developed during the Second World War, in order to manage the entire economy, for the purposes of government. The official accounts were shaped by Simon Kuznets, and they are not a measure of anything, but at best a rough index of paid-employment-generating production, an even rougher index of total product. Many economic historians often forget that GDP does not measure product outside market relationships.

As noted, this latest work of Fenoaltea's discusses crucial theoretical and practical aspects of the economic historian's craft, including the *vexata quaestio* of the relationship between economic history and economic theory. The debate on the real nature of economics and the relationship between theory and history would seem to date back to the very origins of political economy; it was a crucial part of Marxian thought and later an important issue for the so-called historical school of economics. Since then, the real question for economic historians is not whether or not to use economic theory, but what theory to use. In this connection, a crucial problem to which Fenoaltea devotes less attention is which theory we should use to investigate the economic past. The neoclassical approach could be regarded, in a sense, as a non-historical theory; it implies the idea that market relations are natural and eternal. From this standpoint, Fenoaltea's analysis of cliometrics would have been enriched by reference to an essay by Eric

Hobsbawm on historians and economists, a reworking of his Marshall Lecture to the Faculty of Economics at Cambridge in 1980.[2]

According to Hobsbawm, cliometrics (in his words, the school which transforms economic history into retrospective econometrics) is not particularly fruitful for three reasons. First, it projects an essentially non-historical theory onto the past (the neoclassical theory), with anachronistic assumptions; second, it tends to isolate the economic moment from all the others, thus sinning against reality; and third, it is necessarily based on presumed data, since it claims to effect exact measurements. If we think of the methodological guidelines of Fenoaltea set out above, he would have agreed with the last two of these statements.

Historians have so far benefited from two types of economic theory: one dealing with the dynamic problems of development, found in such thinkers as Marx, Schumpeter, and Hicks; and the other constructing historically and/or geographically circumscribed models, such as Witold Kula's *Economic Theory of the Feudal System*.[3] Only by using these kinds of theories and avoiding the restrictive neoclassical models can economists and historians can speak the same language. As Hobsbawm affirms, "historians must start from Marx's observation that the economy is always historically specific, that production is always 'production at a certain stage of social development, production by social individuals'" (p. 111).

I like to think that talking about economic historians, Fenoaltea would perhaps have agreed with Hobsbawm's statement that "we can and should use the techniques, modes of argument and models of economics, but we cannot be confined to them" (p. 110).

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