

# Title: Three views of the multiplier

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## ABSTRACT

The multiplier is an object of discussion in Post Keynesian economics. Patinkin has expressed the view that the multiplier was logically equivalent to the theory of effective demand. This has been denied (amongst others) by Skidelsky. Moore believes that the multiplier is incompatible with endogenous money. The aim of this paper is to demonstrate that there are three different views of the multiplier in Keynes's own works (only) one of which seems to be in line with the principle of effective demand as exposed in chapter three of the *General Theory*. The paper is organised as follows: First, what I call the "traditional interpretation of the multiplier" is restated. This traditional view is then criticised for its lack of logical coherence and realisticness. Next, the principle of effective demand is restated, and this is done somewhat differently than in the existing literature. The multiplier is then reinterpreted as an equilibrium proportion between two departments in a reproduction scheme. The resulting necessity to reconstruct Keynes's *General Theory* as being built around a scheme with two departments is then confronted.