

Cambridge, England or Cambridge, Tasmania? Some Recent Excavations of the Giblyn Multiplier.

William Coleman
Australian National University¹

The paper publishes some previously unnoticed investigations of the multiplier concept by Giblyn and Brigden in 1929. It contrasts their 1929 conception of the multiplier with the theoretical machinery of the *General Theory*. It shows that while developing this machinery Keynes twice parried Giblyn's attempt to air with him the multiplier concept.

¹ This paper is heavily indebted to the research of Alf Hagger, and is preparatory to a book length account of LF.Giblyn, D.B. Copland, J.B. Bristock and Roland Wilson being prepared by the present author, Alf Hagger and Selwyn Cornish.

Introduction

The literature on Origins of the Multiplier is largely concerned with three questions:

1. who said what when?
2. whatever was said, to what degree did it pre-figure the *General Theory*?
3. What connections, if any, are there between whatever was said. To what degree were the Kahnian and pre-Kahnian multipliers on distinct parallel tracks. Or were there some junctions?

This paper addresses these question specifically towards the Giblyn multiplier, and advances the following answers. With respect to;

1. we press the priority of Giblyn by bringing to light some previously unnoticed work by Giblyn and Brigden on the multiplier
2. we stress the considerable distance from the *General Theory* of Giblyn's general macroeconomic thinking in 1928/29
3. we affirm the widespread view that despite the close connections between Giblyn and Keynes there is no evidence that Keynes, or his circle, were aware of Giblyn's multiplier. We show there is some evidence they were *unaware* of it. We also show that by the time Keynes had become interested in the multiplier, he was not interested in discussing it with Giblyn

Giblin and the Multiplier

Giblin's priority with respect to the multiplier has been allowed by authoritative accounts of the multiplier's genesis for many years (Wright 1956, Moggridge 1993, Dimand 1994).² This priority is based on (i) *Australia, 1930*, Giblin's inaugural lecture at the University of Melbourne, and (ii) "Repercussions of Changes in Income", an unpublished memorandum by Giblin reported in 1960 by Downing and Karmel (1960 p. 43).³

The present paper reinforces these by reports three previously unpublished memoranda that expound the Giblin Multiplier. They are entitled,

'New Farms and Population',

L.F. Giblin, 9 August 1929

"The Correlative Increases in Production and Population",

L.F. Giblin? 1929?

"Population Supported by 1,000 pounds by New Export Production",

J.B. Brigden, 5 September 1929

² In the matter of priority attention has been paid to Hawtrey's 1929 discussion of income equilibration, although this cannot be said to clearly convey the multiplier (Davis 1980). Pre-1914 anticipators of the multiplier include Johanssen and De Lissa.

³ Despite this wealth of authority, not everyone seems willing to recognize Giblin's priority. See this recent communication on the HES list:

"The argument that Giblin invented the multiplier looks to me to be a hard one to make. It is certainly not the multiplier as it is usually formulated, although there are hints of it there".

In fact there is reason to think that there is one other “lost” statement of Giblin’s multiplier. This is because the three documents above date from after Giblin’s shift to from Tasmania to Melbourne in early 1929, and yet there is evidence he had already worked out the multiplier in Tasmania. There are three pieces of evidence in favour of a specifically Tasmanian genesis.

The first relates to Copland’s role in 1928 in advising the Development and Migration Commission – when Giblin was still in Tasmania. The Victorian government wished to build a railway open up some new wheat lands. An anonymous memoire of 1952 recalls

It was clear that the traffic on the railway would not be sufficient to meet debt charges, but it was not clear that the building of the railway would be an uneconomic proposition for the economy as a whole. The addition of, say, £1m in exports of wheat to the national income would result in other and indirect additions to the national income. The new wheat farmers would spend their incomes in a certain proportion on local and imported goods and on such tertiary services as education, health services and transport so that the total national income would be greater than the original addition of the income from wheat. ... Copland was aware of these considerations, but was unable to state the problem precisely in terms of the effect on national income as a whole. *He took this problem to Giblin who produced the first formula of the multiplier.* (Anon. 1952 . The italics are ours.)

Secondly, we have a statement made by Giblin himself in a letter written on 13 April 1934. It reads: “The general thesis [of the multiplier] dates from 1928-29” (quoted in Karmel 1960, p.165).

Finally, a third piece of supporting evidence for a Tasmanian genesis is a statement made by by Hytten of the University of Tasmania:

His interest in balance of payments and income questions came to a head in the device now commonly known as the multiplier which was evolved by Giblin in 1925 in relation to a Victorian railway project. It is really a theory of repercussions of given measures on the national income. I well remember when he first brought the general

idea in a page or so of typescript to Brigden and myself for criticism. Giblin was rarely excited, but there was something akin to excitement in him as we discussed and finally agreed on its validity.⁴

In summary, there is evidence that Giblin produced a multiplier document of some sort while he was still in Tasmania. However, no documentation of a Tasmanian multiplier has been found despite a search.

We turn to report three multiplier memoranda that are in existence, and written after in 1929.

The first is entitled 'New Farms and Population', dated 9 August 1929, and sent to the Minister in charge of the Development and Migration Commission by on 13 November 1929.⁵ The problem which the DMC had asked Giblin to consider was: Suppose that a certain number of new farms producing wheat for export were established in Australia. What would be the gain in Australia's population?

Giblin approached this problem by arguing that there would be both a direct gain and an indirect gain. He began by estimating the direct gain. His figure on the value of production of each new farm was £700 (after making deductions for such items as transport, interest and materials used in production, repairs, etc) He then noted that as 'Australian population works out at 1 per £100 of income', the £700 of income accruing to the operator of each new farm would support an additional seven population members. To summarise, there would be a *direct* population gain of seven people for each new farm.

Having estimated the direct effect Giblin turned to the *indirect* effect. It was at this point that he introduced his multiplier analysis. He argued that of the income accruing to the operator of a new farm about 2/3 would be spent on domestically-produced consumption

⁴ Note that '1925' should read '1928'.

⁵ This memorandum is located in the National Archives of Australia.

goods thus generating additional income for the profit-earners and wage-earners engaged in the production of such goods equal to $2/3$ of the income accruing to the operator of the new farm. In turn these people would spend $2/3$ of their additional income on domestically-produced consumption goods thus generating a further income increase of $(2/3)^2$ times the income accruing to the operator of a new farm. And so on indefinitely.

Thus for each new farm established there would be an indirect income gain equal to the direct gain (£700) multiplied by $2/3 + (2/3)^2 + (2/3)^3 + \dots$. This infinite series converges on two. The indirect income gain for each new farm established would, therefore, be £1400 so that the total gain would be £2100. The logic of geometric progression, that is absent from Australia, 1930, is explicit here.⁶

Brigden responded with a two-page comment, that is our second document “Population Supported by 1,000 pounds by New Export Production”, dated 5 September 1929. This is bolder, starker analysis than Giblin’s. It drew the protectionist implications of Giblin’s analysis without hesitation. It pointed out that reduction in (what we would call) the

⁶ “So that any given number of people, say 90, directly supported by new farms will entail a secondary population of $2/3$ of this number, or 60. And similarly this 60 will employ $2/3$ of 60, or 40, and so one.

For every person supported directly by the new farms we then have an additional population of:-

$$2/3 + (2/3 \text{ of } 2/3) + (2/3 \text{ of } 2/3 \text{ of } 2/3) + \dots \text{ to infinity}$$

And this series, by the well known algebraic rule adds up to exactly 2.

We shall therefore have about 2 persons indirectly supported by the farms for every person directly supported.”

propensity to import would increase national income⁷. It also used the language ‘multiplying’ and ‘multiplied’; terminology Giblin never used.

Finally, we report a memorandum entitled “The Correlative Increases in Production and Population” that was seemingly written by Giblin in 1929. It’s use of the multiplier is similar to ‘New Farms and Population’.

Giblin’s Multiplier and its Alternatives

The previous section establishes that by December 1929, when Richard Kahn was still completing his dissertation, there existed at least three memoranda outlining the multiplier. But in a short space of time Giblin’s multiplier was to have rivals. It was in mid-1930 that Richard Kahn developed a multiplier concept, that was later published in the *Economic Journal* in 1931. The concept was also deployed (independently?) by Michael Kalecki. In 1933 Keynes advanced his own version of the multiplier. The Table compares the various multipliers.

⁷ It is worth noting that the “Brigden Report” of the same year explicitly rejected the notion that protectionism stimulated jobs.

Table 1: Multiplier Concepts from the Early 1930s

	Giblin	Brigden	Kahn	Keynes	Kalecki
Date	1928-9, ? 1929 April30 1930	Sept 5 1929	June 1931	March 1933	1933
Assumptions	employment, income open economy marginal propensity to absorb of 2/3 -0.7 mps = 0?	employment open economy marginal propensity to absorb of at least 0.5	employment open economy marginal propensity to absorb 0.36-0.48 mps of workers = and mps of busin men 2/3 - 1/4	income open economy marginal propensity to absorb 0.49 mps > 0	income open economy marginal propensity to absorb of 0.3 mps of workers = and mps of capit >0
Technique	Geometric serie	None	Geometric series	Geometric seri	Calculus
Terminology		'multiplied' 'multiplying'	'ratios'	'the multiplier'	
Symbolism	None	None	k = 'marginal propensity to absorb'	None	
Multiplier	3	2 at minimum	1.56-1.94, 1.75	2	1 3/7
Policy	Deflation	Protectionism	Public works	Public Works	

The Giblin's Multiplier and the *General Theory*

Giblin's priority over the multiplier is only a matter of considerable interest on account of the multiplier's association with the *General Theory*. But how cognate is Giblin's multiplier to the *General Theory*? The logical kinship of the Kahnian multiplier to the *General Theory* has, for example, been questioned – Patinkin has contended only a weak relationship (Patinkin, 1993). Is there any close logical kinship of Giblin multiplier to the theoretical structure of the *General Theory*?

Distilling “the message” of the *General Theory* is, of course, is not a task for the faint-hearted, but I will venture that there are eight doctrines that *General Theory* was concerned to defend, and advance:

Effective demand (i.e. no Say's Law)

A monetary theory of interest

A non-monetary theory of prices (i.e. no Quantity Theory)

Underconsumptionism; the dysfunctionality of thrift.

The dysfunctionality of capital and interest income

“Disequilibriumism”. The economic system is not self-correcting .

“Stimulationism”: Public works and monetary expansion as the remedy for unemployment

Liquidity Preference, the Consumption Function, the Multiplier are not included, in that they are used by Keynes as a means to advance the claims listed above. Keynes' relatively modest estimate of the role of the Multiplier in his structure is indicated by the fact that Keynes considered the Multiplier to be an exercise in measurement, not theory.

It is true that the Multiplier did become a summary, formulaic, symbolisation of the *General Theory* (a bit like $MV = PT$ for the Quantity Theory of Money), but it is part of the scaffolding of a much larger doctrinal structure.

We may ask how much did Giblin's *Australia, 1930* share this "larger doctrinal structure". We will go through it point by point.

Monetary Theory of Interest

There is no hint of this in Giblin.

Underconsumptionism

Giblin was not an underconsumptionist. In fact, he was an anti-underconsumptionist.

And he makes this very plain in *Australia, 1930*.

Three years ago I had the honour of addressing the AAAS at Perth on the subject of "The Road to Ruin". I conceived it as paved with the extravagant post-war consumption. The case is even stronger today.

Demand seems no longer bridled by the capacity to pay for the desired commodity. Very striking is the new consumption – in motor-cars, movies and talkies, gramophones, tobacco for women, and the increased expenditure in confectionery, ands dress, dancing and travelling"

It will be recalled that Giblin as a student lived on "ships biscuits of which he kept a barrel in his rooms", and in maturity "wore red ties of his own manufacture".

Dysfunctionality of capital income

There is nothing of this in Giblin.

Disequilibriumism

Giblin is not a “disequilibriumist”. He explicitly stated that the system would correct itself through wage adjustments. He explicitly stated his belief that there would be no multiplier if wages (and other incomes) declined.

Stimulationism

Giblin in 1930 was not a “stimulationist”. In *Australia, 1930* he was a *deflationist*. In 1930 drew no expansionary policy lesson from his multiplier.

Still, for all the distance of his general frame of thought from the *General Theory*, Giblin still developed the Multiplier. But, even here, we can ask if was convinced of its real world significance? After the sketching what this concept implied would be consequence of the slump in Australian exports, he writes with perplexity:

Is, then, this appalling result likely to happen, or is the whole argument affected by a fundamental error?

The matter is obscure.⁸

Giblin and Keynes Discuss- and Don't Discuss – the Multiplier

The paper turns to the third question raised in the introduction. To what extent did the multipliers listed in Table 1 run on parallel tracks, and to what extent did they meet?⁹

⁸ In the same vein, the covering letter for “New Farms and Population” emphasised that ‘this paper was submitted to the Commission as a tentative statement only, and subject to modification and correction’.

⁹ An entirely different line of enquiry would seek to shed light on the *origin* of Giblin’s conception. We will content ourselves with noting that in 1890 Alfred De Lissa published in the *Australian Economist*, and later presented in Hobart, his “Law of Incomes”; a “great economic law which appears to underlie the industry of every country”, that turned on multiplier concept explained in terms of geometric progressions. “It is an interesting coincidence that after De Lissa’s one of the first expositions of the multiplier came from L.F. Giblin.” (C.D. Goodwin, *Economic*

Although Giblyn's multiplier is recognized as prior to Kahn's, it is largely ignored in the historiography of the *General Theory*. Patinkin never mentions Giblyn. Giblyn's multiplier is referred to only once in Skidelsky's biography of Keynes – and only by implication, and only in a footnote.¹⁰ And the reason for this silence is simple: neither Keynes, nor Kahn nor any 'Circus' members ever mention Giblyn's multiplier. There is no positive evidence that any of these persons read it.¹¹ In fact, there is good positive evidence that they didn't read it. First, not long after Keynes began using multiplier analysis in 1933, Giblyn wrote that in doing so Keynes was following Kahn, rather than himself.¹² Secondly, baldly states in the *General Theory*

The conception of the multiplier was first introduced into economic theory by Mr R.F. Kahn in his article on 'The Relation of Home Investment to Unemployment' (*Economic Journal*, June 1931). (Keynes 1936, p113)

Nevertheless, some curiosity about a possible connection between Giblyn's multiplier and the Cambridge multiplier is warranted. It is so on account of the cordial relationship of Giblyn and Keynes, that was based upon shared friends, education and cultural interests. They had known each other since meeting in Duncan Grant's rural domicile, Charleston, at the close of the First World War. In his obituary notice of Keynes, "John Maynard Keynes: Some Personal Notes", Giblyn recalls ,

I had first met Keynes at a house ... where we were both visitors in 1918; and I remember that we talked about his 'Gold' article in the *Economic Journal* in

Record, 1962). It is also interesting that Hobart in Giblyn's youth there lived an underconsumptionist, A.J. Ogilvy, who published "Is Capital the Result of Abstinence" (Hobart 1892) and *Saving and Spending*, (Hobart 1896). But Giblyn was not an underconsumptionist.

¹⁰ Dimand (1988, 105-8) does give a detailed treatment of Giblyn.

¹¹ According to Dimand "Giblyn's multiplier analysis was entirely ignored" outside Australia, and even within Australia "thoroughly forgotten" by 1938.

¹² Giblyn: 'Last year [1933], however, Keynes used substantially the same argument [as *Australia*, 1930] in his 'Means to Prosperity' – following work by Kahn in the *Economic Journal* in 1931.'

1914 though at the time I was not even on the outer fringes of economic learning. (Giblin 1946)

This meeting requires some explanation. Duncan Grant was a Conscientious Objector, and Keynes was of the same mind. Giblin was a decorated (and wounded) officer on leave from the Western Front. How did these two Cambridge lilies of the field encounter come to encounter our Anzac war hero? The answer is that Giblin, like Keynes, was a Kingsman, and had studied in Kings 1890s, and had there befriended the Edward Garnett, father of the well-known Bloomsbury figure David (“Bunny”) Garnett. Indeed, he befriended the infant David.¹³ Garnett - a one-time lover of Duncan Grant - was now sharing Charlston with Grant and Vanessa Bell in a version of *ménage-a-trois*, and Giblin “had come down, full of warmth and friendliness, to reassure himself that I was not having too bad a time as a conscientious objector!”. There, Giblin Garnett recalled, “wanted to know all that we could tell” about Keynes who he “had heard about”.

After their eventual meeting, and Giblin’s return to Tasmania, Giblin and Keynes maintained a correspondence. In 1929 Giblin sent Keynes “The Brigden Report”, which Giblin had co-authored, and Keynes replied with thanks and praise. When Keynes vacated King’s College in 1938 to convalesce, he lent Giblin his own fully furnished rooms there for the duration of Giblin’s sabbatical at King’s.¹⁴ They continued to correspond in the 1940s, sharing King’s College news, swapping views on the wisdom of Bunny’s Garnett’s choice of wife, and discussing Giblin’s project to establish a National Theatre in Australia. Giblin may be described as an Australian twig of Bloomsbury. Giblin, in other words, was not a Kalecki.

¹³ David later wrote of Giblin “I had loved him since I was 4 years old” (Garnett, 1955,159).

¹⁴ Giblin’s King’s College obituarist records that Giblin “took the keenest interest in the business of the College, and had many fruitful talks with Keynes. Occasionally he was proud to think that that he had converted Keynes on some points to his own view” (Anon 1951).

It is, therefore, intellectually legitimate to be alive for possible reception of the Giblyn multiplier by Keynes and his circle. And it is intellectually legitimate to be a little bit tantalized by the fact that King's College library does contain a copy of *Australia, 1930*.¹⁵

Nevertheless, there is no positive evidence that Keynes or his circle read, or were even aware, of Giblyn's multiplier.

This is not to say that Giblyn did not raise multiplier issues with Keynes in the years of writing the *General Theory*. He did so, twice

In April 1932, when he Commonwealth Statistician, Giblyn wrote to Keynes, to tell him of the policy advice he was giving the Federal Government. He attached a copy of a confidential letter he had sent the Prime Minister. We put in italics elements of particular interest.

13 April 1932

CONFIDENTIAL

Dear Mr Lyons

I have signed the Report of the Committee on unemployment with some hesitation. I am in full accord with it on the course that must be taken to bring economic recovery and the necessity of pursuing it unflinchingly, but I am in some disagreement on the extent to which action immediate action could wisely be taken to relieve the system, until the long term policy bears fruit. It is not a matter of principle but of weighing the seriousness of two admitted dangers – the break-down caused by over-strain on the unemployed and one caused by an unbridled loss of confidence on the side of business finance. My fellow members think the latter is the greatest danger ... I find each danger equally likely to threaten the social structure and would accordingly without deviation from the principles laid down, put

¹⁵ The copy records that it was "Presented by the Author". I have been unable to discover any other library in Cambridge that holds it.

a good deal more emphasis not only on the possibility but on the necessity of active means to reduce the strain of unemployment..

The conclusions of the Report are that money can be reasonably and safely be raised by Treasury-bills for public works ... provided that the money so expanded shall earn interest.

The criterion of earning interest must be interpreted with some latitude ... I suggest, therefore, that expenditure of Loan money might be held open for consideration if it earned ultimately something less than full interest, say four percent, or perhaps as little as three percent.

Our direct loss of income from the lower price of exports, relative to the cost of imports and interest payments, probably about £30m p.a; from cessation of overseas loans it is not more than £3m, making a total of £60m. But the total loss of income is well over £200m. Much the greater part of the total loss of income and employment is due to the indirect effects of the direct loss of purchasing power spread through the community. *The total loss is three to four times the direct loss.*

Conversely any increase of purchasing power directly by government expenditure or otherwise would result in a total purchasing power of three to four times the original amount. If any number of unemployed were put into employment of any kind at average rates of pay, the added number reabsorbed as consequence in ordinary industry would be two or three times that number, so long as the original expansion continued.

An extreme case may be stated. If an additional £20m was raised by Treasury Bills without seriously disturbing general confidence, and used during one year to employ men at shifting sand at Federal award rates, the result would be the direct employment of more than 100,000 men and the rapid reabsorption into ordinary industry of the whole of the unemployed ... obviously such a policy could not be continued without a ... currency collapse. But if we were sure of a great increase in export prices a year hence, it would be a reasonable policy.

This articulates a very drastic Keynesianism. Even if we were to put to one side History of Though issues, it is interesting from Economic History viewpoint alone. Was any government in 1932 receiving such high placed and such “official” to adopt a strenuous fiscal expansion? Was anyone conjuring with multiplier of three or four?

And mark the massive change since *Australia, 1930* in Gibling’s confidence in multiplier analysis. Was the “appalling” prospect that the multiplier analysis *Australia 1930* conjured up – and which so alarmed and perplexed him – now vindicated in 1932 as a stunning premonition of the Depression? Did this give him intellectual confidence? Or was given

confidence by the advocacy of public works on multiplier grounds by Kahn in the 1931 *Economic Journal*?

Whatever the case, Giblin was boldly pressing multiplier logic at a very significant time in the development *General Theory*. During that summer of 1932 Keynes was still thinking in terms of correcting and completely *Treatise*, although he was in fact poised to leave it behind and set out on the road to the *General Theory*. In 5 April 1932 Keynes had written “I propose ... to publish a short book. extending and correcting” the *Treatise*. On 8 May 1932 he rebuffed Joan Robison’s more radical proposals with the words; “I lack at present sufficient evidence to the contrary to induce me to scrap all my present half-forged weapons”. On 1 June, the day before he replied to Giblin, he wrote that he planned his new book to “fill in the gap” in the *Treatise*. (See Kahn 1984, 112-3).

So Keynes is dissatisfied with the *Treatise*, but not completely dissatisfied. He learns that Giblin has been telling to the Australian Prime Minister that paying men to “shift sand” would lead to “the rapid reabsorbtion into ordinary industry of the whole of the unemployed”. How does Keynes respond?

2 June [1932]

Dear Giblin

I have been extremely interested your supplementary confidential letter to Mr Lyons...If I understand you rightly, I am very much in agreement with you. I am all in favour of pushing public works programs to the limits of prudence... In my judgement anything that looked liked earning three percent should surely be eligible

To my mind there is something anti-climatic about this reply. Keynes is keen to give his support for public works that earn 3 per cent. But surely what was the headline in

this “supplementary confidential letter” was GIBLIN’s recommendation of public works as useless as shifting sand; something with rate of return of –100%. But Keynes ignores this suggestion.

Nevertheless, most historians of the *General Theory* agree that over the next nine months – the autumn and winter of 1932- the critical transition to General Theory occurred.

At about the close of this transition, in March 1933, GIBLIN’s multiplier, came after a three year lag, to Cambridge. It does in doctoral thesis of E. Ronald Walker- an Australian student at Cambridge- “Australia in the World Depression”, published as a book under the same title. In Chapter 6, “The Theory of Repercussions”, he draws attention to GIBLIN’s theory of the Multiplier, and repeats its algebra.¹⁶ He adds in the forward “these pages owe much to Mr D.H. Robertson, who read and discussed the whole of the ms...On several points I have and the benefit of the criticism of A.C. Pigou, Professor T.E. Gregory and Mr C.W. Guillebaud”. Thus we may conclude that Robertson, and perhaps some other distinguished Cambridge names, became acquainted with GIBLIN’s theory. These are, however, “the wrong” Cambridge names-

¹⁶ The novelty of that the theory of the multiplier is indicated by Walker’s “naïve” exclamation at the inverse relation between the multiplier and the propensity to import: “The conclusion is at first odd since the greater part played by international trade, the smaller will be the total loss arising from a reduction in the value of exports. For if imports were one-half expenditure, the initial loss would be doubled; and if they were one tenth, the initial loss wld be multiplied ten times as a result of repercussions!” (Walker 1933, 163).

Roberston, Pigou- not Keynes and Kahn. And Walker's college was "the wrong college"- St John's, not King's.¹⁷

And by March 1933 it was all over, anyway. Keynes had finalised his conception of the Multiplier and published it the press as *The Means to Prosperity*. This publication was the occasion of a second, more resolute, attempt by Gibling to draw Keynes into discussion of the Multiplier. In September 1933 he sent Keynes, with apologetic noises, some criticisms of Keynes' Multiplier, in particular its closed economy character. He adds modestly in brackets;

(I have at times made similar computations here, eg on the total increase in income following from a given increase in export production).¹⁸

He appends 4 pages of comment and algebra. The day after he sends it, he sends Keynes another note.

27/10/33

I must apologise for having sent off to you yesterday, - thinking the mail closed then, - a hasty and ill considered scrap[?] on the "multiplier". It was done hurriedly in [?] time and I should not have sent it off without more deliberations.¹⁹

This, perhaps, not quite the way to market one's thoughts.

Keynes replied,

Pages 32 and 3 of your typewritten letter are very interesting, but go rather beyond what I was attempting in this short pamphlet... When I come to write

¹⁷ Walker was inevitably not completely isolated from Keynes. In 1933 his presentation Keynes' seminar club "demonstrated that wage cuts were no cure for unemployment" (Cairncross 1998, 49).

¹⁸ Is this not also evidence to the effect that Keynes never read *Australia, 1930*? If Gibling had sent it to him, would he need to make this remark?

¹⁹ The complete letter is published as an appendix to this paper.

about the multiplier in my next book, I shall deal very thoroughly with the principles on which one should try to arrive at the best possible estimate”

In other words, Giblin got the brush off. Keynes was not interested in discussing details of multiplier analysis with Giblin.

Appendix

The University
Melbourne

22.9.33

Dear Keynes

I must apologise for having sent off to you yesterday, - thinking the mail closed then, - a hasty and ill considered scrap[?] on the “multiplier”. It was done hurriedly in [?] time and I should not have sent it off without more deliberations. A number of points in it dissatisfied me [?] I read it through last night- I will burden you only with a couple.

1. My suggestion that working class expenditure would have less than the average[?] of imports (bottom of page 2) was rotten[?] – simply a blind assumption of Australian conditions. I have not attempted an estimate- which [?] doubt has been made, but I should guess 40% imports in wages at 50/- a week. A much lower[?] figure for income tax incomes. I should be interested to reduce my [?] on this account.
2. In case of loans for relief of income tax, if you count the income tax relieved as additional income, a large proportion say 50% might not be spent, and [?] additional income would be of the form

$$£100 + 2/3(£50)(1 + 1/2 + 1/4 +) = £167$$

But income would not be increased by primary expenditure for income tax assessment, - and the proportion of additional income going into revenue should, I [?], be modified in this case. But I have thought this out clearly.

Yours faithfully

L.F. Giblin

References

- Anonymous (1951). "L.F. Giblin", *Annual Report of the Council of King's College*, Cambridge.
- a
- Anonymous (1952), 'L.F. Giblin: An Appreciation', *Economic Record*, November.
- Cairncross, Alec (1998), *Living with the Century*, Fife: lynx.
- Copland, D.B. (1960) *Giblin. The Scholar and the Man: Papers in Memory of Lyndhurst Falkiner Giblin*, Melbourne.
- Davis, E.G. (1980), "The Correspondence between R.G. Hawtrey and J.M. Keynes on the *Treatise*: the Genesis of Output Adjustment Models", *Canadian Journal of Economics*, 13.
- Dimand, Robert W. (1988), *The Origins of the Keynesian Revolution*, Edward Elgar: Cheltenham.
- Garnett, David (1955), *The Flowers of the Forest*, London: Chatto and Windus.
- Giblin, L.F. (1946), "John Maynard Keynes: Some Personal Notes", *Economic Record*.
- Hytten, T.T. (1960) 'Giblin as an Economist' in Douglas Copland (ed.) *Giblin – The Scholar and the Man*, Melbourne.
- Karmel, P.H. (1960) 'Giblin and the Multiplier' in *Giblin – The Scholar and the Man*, Melbourne.
- Kahn, Richard (1984), *The Making Of Keynes's General Theory*, Cambridge University Press, Cambridge.
- Keynes, John Maynard (1936) *The General Theory of Employment Interest and Money*, London: Macmillan.
- Patinkin, Donald (1993) "On the Chronology of the General Theory", *Economic Journal*, 103.
- Walker, E. Ronald, (1933) *Australia in the World Depression*, London, P. S. King & Son.
- Wright, A.L. (1956) 'The Genesis of the Multiplier Theory', in *Oxford Economic Papers*, 1 (8).

