

A supermultiplier Stock–Flow Consistent model: the “return” of the paradoxes of thrift and costs in the long run?

[Get access >](#)

Lídia Brochier, Antonio Carlos Macedo e Silva

Cambridge Journal of Economics, Volume 43, Issue 2, March 2019, Pages 413–442, <https://doi.org/10.1093/cje/bey008>

Published: 07 June 2018 **Article history** ▼

Abstract

Supermultiplier models have been recently brought to the post-Keynesian debate. Yet these models still rely on quite simple economic assumptions, being mostly flow models which omit the financial determinants of autonomous expenditures. Since the output growth rate converges in the long run to the exogenously given growth rate of “non-capacity creating” autonomous expenditure and the utilization rate moves towards the normal utilization rate, the paradoxes of thrift and costs remain valid only as level effects (average growth rates). This paper investigates whether the core conclusions of supermultiplier models hold in a more complex economic framework, described by means of a supermultiplier SFC model, in which private business investment is assumed to be completely induced by income while the autonomous expenditure component—in this case consumption out of wealth—becomes endogenous. The results of the numerical simulation experiments suggest that the paradox of thrift can remain valid in terms of growth effects and that a lower profit share can also be associated with a higher accumulation rate, though with a lower profit rate.

© The Author(s) 2018. Published by Oxford University Press on behalf of the Cambridge Political Economy Society. All rights reserved.

This article is published and distributed under the terms of the Oxford University Press, Standard Journals Publication Model (https://academic.oup.com/journals/pages/open_access/funder_policies/chorus/standard_publication_model)

JEL: B59 - Other, E11 - Marxian; Sraffian; Kaleckian, E12 - Keynes; Keynesian; Post-Keynesian, E25 - Aggregate Factor Income Distribution, O41 - One, Two, and Multisector Growth Models

Issue Section: [Articles](#)

You do not currently have access to this article.

Sign in

 [Get help with access](#)


Personal account


- Sign in with email/username & password
- Get email alerts
- Save searches
- Purchase content
- Activate your purchase/trial code
- Add your ORCID iD

[Sign in >](#)

[Register](#)

Institutional access

 [Sign in through your institution](#)

 [Sign in through your institution >](#)

[Sign in with a library card](#)

[Sign in with username/password](#)

[Recommend to your librarian](#)

Institutional account management

[Sign in as administrator](#)

Purchase

[Subscription prices and ordering for this journal](#)

[Purchasing options for books and journals across Oxford Academic](#)

Short-term Access

To purchase short-term access, please sign in to your personal account above.

Don't already have a personal account? [Register](#)

A supermultiplier Stock-Flow Consistent model: the “return” of the paradoxes of thrift and costs in the long run? - 24 Hours access

EUR €39.00

GBP £33.00

USD \$43.00

Rental



This article is also available for rental through DeepDyve.