factors of the economy and the nominal factors. The quantity theory of money is regarded as a nominal factor. It has no effect on employment or aggregate demand. As the money supply increases this causes disequilibrium in the nominal demand for money illustrated by the Cambridge equation Md=kPY. As the full employment level predetermines output 'Y' demonstrated in figure 2A. Accordingly, the only effect that an increase in the money supply will have in the long run is to raise the price level to achieve equilibrium. The price level will rise in proportion to the increase in the money supply. For Keynes on the other hand due to the dependence of aggregate output and employment on aggregate expenditure, which can be volatile and unpredictable this causes a desire for liquidity preference both by households and firms hence investment and consumption declines this causes a glut an over-production. Money effects the real side of the economy, both employment and output.

By demonstrating the apparent flaws inherent within Say's Law Keynes seemed to have successfully undermined the classical perspective, however this is not the case according to Kates (1997, 2009) Jonsson (1997) Becker and Baumol (1952). Kates proposes that Keynes specifically adopted a convoluted and simplistic understanding of Say's Law in General Theory in order to justify his macroeconomic revolution that demand failure is the most important cause of recession. Becker and Baumol noted that the classical economists had *'never held views like those ascribed to them'*.[3] Becker & Baumol also crucially identify and divide Say's Law into a three-part division that have been used to interpret his work in numerous ways. 'Walras law', which is merely a definition and has no economic implications, the second is 'Say's identity', which refers to the proposition that demand is equal to supply, and the third is 'Say's equality', which proposes that while demand for goods may move out of equilibrium with the supply of goods this is only temporary; the processes of the economy will bring the economy back to equilibrium. Keynes interpretation is solely based on Say's identity although it misrepresents the model it enables him to position himself as revolutionary compared to previous economic theory. The 'master polemicist' assigned to Keynes by Kates seems to be an accurate description. This simplistic understanding of Say's Law is very different to the one employed by the classicists of 'Say's equality'.

Kates provides a reinterpretation Say's Law, which was embodied within the classical perspective and proposes that the fundamental point is that sales proceed from production, which enables one to buy from others. *'To buy one must sell'*[4]. But the individual also possess other people's means of acquiring goods and services so we are all interdependent upon each other. This according to Kates means that there are two aspects of Say's Law the conclusion of deficient demand is not the cause of recession is based upon the profound observation that demand is constituted by supply. *'What might superficially appear to be demand failure is in fact due to the problems on the side of supply. The apparent failure of demand, which is how recession is perceived to the seller, is in fact due to factors, which have caused the production process to break down. Demand failure is a symptom not a cause'*.[5] Say's argument is based on a simple truism that trade is bilateral. *'The value we can buy is equal to the value we can produce'*.[6] Thus following from this, recession is due to cumulative errors in the production process; if a trader offers something that is not wanted by other trading partners then this will have a negative effect on his effective demand, it is in this process that recession is possible within Say's Law. Demand failure is only possible when unwanted goods are produced this is due to miscalculation on behalf of producers not consumers.

Hence 'partial' over-production according to Say's law is possible due to unwanted goods being produced this will inevitably cause a decline in income and expected demand and this partial glut could reverberate around the whole economy causing a recession, however this would not last very long. According to Jonsson reasoning since by definition the aggregate value of all planned sales equals the total planned purchases, this is also the case when ex-ante plans of buyers and seller are not equal, as long as the value of ex-ante gluts is equivalent to ex-ante shortages. McCulloch states that '*universal glut of all sorts of commodities is impossible; every excess in one*

[3] Becker and Baumol (1952:355)
[4] S. Kates (2009:2)
[5] S. Kates (2009:2)
[6] P O. Jonsson (1997:205)