Rejoinder from Geoff Harcourt (transcription)

Dear Mark

I now see that you are correct and that I made a jump too far in my reading of Keynes in Ch 3 (5) but not, I think you also agree, in saying that there are two concepts of aggregate demand in *The General Theory* – the more fundamental being the expectation of sales by businesspeople and the now more common one of the consumption plus planned investment expenditure all as seen by the overseeing economist (see Ch 4 Economic Activity).

The point of effective demand must be where aggregate demand in the first sense intersects aggregate supply which shows proceeds required to fully justify levels of employment. Therefore we have a rest state if both sets – expectations and proceeds – are actually achieved. If not we move to a new situation with new expectations and the story starts again. I do think Keynes started with Marshall's market period and the prices set by businesspeople aiming to maximise short term profits, to deliver the expected prices of businesspeople and therefore, moving to the Marshallian short period the flow rates of employment offered and output produced. The consequent outcome of this would determine whether expectations were correct or not, all within an environment of given long-term expectations. When we get onto shifting equilibrium, feedbacks can occur and equilibrium positions change rather as in late Kalecki (but also in his review of *The General Theory* where he starts from a firm) and Goodwin's cyclical growth models.

So in my chapters in Vicky's volume and Tony Thirlwall's volume while I have not been literally true to Keynes I still believe I am true to his spirit!