

# 1. New Research Perspectives in the Monetary Theory of Production: an Introduction

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**Abstract:** The Monetary Theory of Production (MTP) is the landing place of a composite set of research fields of monetary macroeconomics. It was mainly pursued by French and Italian authors in the mid-1970s, and it reached a more “developed” stage during the subsequent decades. Nowadays, the MTP presents a noteworthy degree of resemblance to the current Post Keynesian economics and other “radical” approaches. The purpose of this work is to introduce the reader to the recent developments in the Italian heterodox literature, showing that the MTP is still a vital approach among the new generations of non-mainstream economists.

**Keywords:** History of Macroeconomics; Economic Methodology; Current Heterodox Approaches; Post Keynesian Aggregative Models

**JEL Classification:** B22, B41, B50, E12

## 1. Monetary Theories of Production

The Monetary Theory of Production (MTP hereafter) is the landing place of a composite set of research fields of monetary economics. It was mainly pursued by French and Italian authors, such as Alain Barrère, Augusto Graziani, Alain Parguez and Frédéric Poulon, in the mid-1970s, and it reached a more “developed” stage during the subsequent decades<sup>1</sup>.

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<sup>1</sup> See Barrère (1979, 1990), Graziani (1977b, 1984a, 1989, 1994, 2003), Parguez (1975, 1996, 2001) and Poulon (1982). The “Monetary Theory of Production” was the title of the early project of the *General Theory* dating back to 1932. Afterwards, Keynes used the same title for both his Cambridge courses of monetary economics (1932-33, 1933-34) and in a brief article that was published in a *Festschrift* for the German economist Arthur Spiethoff. Finally, notice that in this contribution we refer specifically to the Franco-Italian approach to the Monetary Theory of Production, also known as the Theory of the Monetary Circuit or the Circulation Approach. For a comprehensive survey of the modern MTP