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THE OXFORD HANDBOOK

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POLITICAL  
SCIENCE

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ROBERT L. GODDIN

EDITED BY

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BARRY R.

WEINGAST

DONALD

WITTMAN

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# POLITICAL ECONOMY

authors

*Edited by*

BARRY R. WEINGAST

*and*

DONALD A. WITTMAN

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# THE OXFORD HANDBOOKS OF POLITICAL SCIENCE

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GENERAL EDITOR: ROBERT E. GOODIN

The *Oxford Handbooks of Political Science* is a ten-volume set of reference books offering authoritative and engaging critical overviews of all the main branches of political science.

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This series aspires to shape the discipline, not just to report on it. Like the Goodin-Klingemann *New Handbook of Political Science* upon which the series builds, each of these volumes will combine critical commentaries on where the field has been together with positive suggestions as to where it ought to be heading.

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## CHAPTER 1

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# THE REACH OF POLITICAL ECONOMY

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BARRY R. WEINGAST  
DONALD A. WITTMAN

Content

OVER its long lifetime, the phrase “political economy” has had many different meanings. For Adam Smith, political economy was the science of managing a nation’s resources so as to generate wealth. For Marx, it was how the ownership of the means of production influenced historical processes. For much of the twentieth century, the phrase political economy has had contradictory meanings. Sometimes it was viewed as an area of study (the interrelationship between economics and politics) while at other times it was viewed as a methodological approach. Even the methodological approach was divided into two parts—the economic approach (often called public choice) emphasizing individual rationality and the sociological approach where the level of analysis tended to be institutional.

In this *Handbook*, we view political economy as a grand (if imperfect) synthesis of these various strands. In our view, political economy is the methodology of economics applied to the analysis of political behavior and institutions. As such, it is not a single, unified approach, but a family of approaches. Because institutions are no longer ignored, but instead are often the subject matter of the investigation, this approach incorporates many of the issues of concern to political sociologists. Because political behavior and institutions are themselves a subject of study, politics also becomes the subject of political economy. All of this is tied together by a set of methodologies, typically associated with economics, but now part and parcel of