Uncategorized

# Someone has dedicated himself to studying the economy of the Harry Potter universe: And the economy of the magical world is a disaster

July 31, 2022

Literary licenses are frequent in all works of fiction (more so in the fantastic genre). But after analyzing the economics behind the magical world of Harry Potter , it seems that the conclusion is that only large doses of magic allow him to avoid an economic crisis. This is what can be concluded from a recent work in which two economists have analyzed the popular series of books. Not only the laws of natural science are relaxed in this fictional world.

**The "Potterian economy"**
"Potterian economics" is how Daniel Levy and Avichai Snir describe the object of their study, authors of the article in the *Oxford Open Economics* magazine in which they analyze the matter. According to the article, this could be defined as the set of ideas, visions and structure that can be found in the heptalogy written by JK Rowling, with the aim of analyzing how these texts can affect popular knowledge about economics.

**A model full of contradictions.**
The authors found several points where the wizarding world described in the Harry Potter books matched that described in standard economic models, and many other areas where differences appeared.

**An inefficient monetary policy.**
The authors dedicate several sections of their work to the monetary and financial economy in the magical world. Thus, for example, in the Potter universe, all three coins in circulation are made of metals with intrinsic value, a system based on the British system prior to 1971, in which pounds were divided into pence and shillings. The relative values between these coins were adjusted to the relative value of the metals with which they were minted, which is not the case with books.
The system seems to facilitate arbitrage , the circular exchange of goods in different markets in which goods have different prices. Any wizard could, if the price of gold rose relative to that of silver, exchange silver coins (*sickles*) for gold coins (galleons) which he would then exchange in *Muggle* markets for a larger quantity of silver, which he would then exchange for sickles. ... thus obtaining great benefits.
For this he would have to go through the magic bank. The banking monopoly is controlled by Gringotts, an entity that is responsible for issuing currency, keeping the deposits of the wizards of it and making exchanges between *muggle* money , precious stones and the money of the wizards (allowing arbitration). Gringotts, unlike human banks, does not offer loans.

**The only "realistic" market?**
The authors also pay attention to technology. Multiple economic models are based to a greater or lesser extent on technological progress, but this does not seem to affect the magical universe . One industry is the exception, the authors note: the manufacture of broomsticks.
Flying brooms seem to be advancing by leaps and bounds, with a multitude of models appearing throughout the book series, some of which bring renewed and extended capabilities. The authors point out how the broom industry is very similar to the automobile industry, with new models appearing practically every year. "Each model is of better quality than the previous one, which indicates technological improvements," they comment.

**Other erroneous notions.**
There are many inconsistencies found by the authors. For example, they conclude that the markets are unfair, because there are no benefits from the exchanges, if one party wins the other has to lose, and generally it is the rich who take advantage of the poor. Perhaps that cannot be classified as unrealistic, but it is contrary to economic theory.
They are also surprised by the fact that there are no taxes in this magical world despite the fact that the government seems to occupy a prominent place in the economic structure and, even more so, since magical education is free. The government is not even capable of providing security "the most basic public good" for the perpetrators.

**Beyond the economy: governance.**
The public sector precisely receives a lot of attention. Levy and Snir point out the apparent contradiction between a critique of market-based systems and a disparagement of the role of government, which is corrupt but highly popular among magicians. The governments of the wizarding world are not only seen as corrupt, but also wasteful and unreliable. Despite controlling a good part of the economy and production.

**A distorted vision.**
"A naive reader of Harry Potter would get a distorted view of economics," explains Levy. The article wonders about the effects of a message that despises both the markets and government authorities "the result could be apathy and indifference, which should be worrying," she concludes in text.

Fiction can alter our conception of reality, although the magnitude of this phenomenon is not very evident when we talk about fantasy literature. Both fantasy and science fiction are genres that have traditionally lent themselves to allegory , creating parallels between our world and the one they describe . According to the authors, the fact that the problems described by Rowling are real problems that affect many economies means that her formulas are perceived with greater credulity.

It is estimated that, with 450 million copies sold, the Harry Potter series counts as the fifth best-selling literary work in history, between Don Quixote de la Mancha (500 million copies) and Charles Dickens's A Tale of Two Cities (200 millions). It is not extravagant to conclude that this children's and youth story is one of the most influential books of recent decades. Also economically.

Image | Shayna Douglas

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The news

*Someone has dedicated himself to studying the economy of the Harry Potter universe: And the economy of the magical world is a disaster*

was originally published in

**Xataka**

by
Pablo Martínez-Juarez

**Source**