



# Economists Study “Harry Potterian” Economic Models

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**Two** economists have written a scholarly paper analyzing what they call the Potterian economic model from J.K. Rowling's Harry Potter novels. They conclude that it's an "idealized" model containing elements of Marxism as well as Keynesianism and free market capitalism:

*We conclude that the Potterian economic model . . . appears to combine ingredients from various economic models. For example, some aspects of the Potterian model have a heavy Marxian flavor, while others offer free market perspectives. Further, the model often captures the public choice points of view, and contains some assumptions in a New Keynesian spirit.*

It's amusing to read this serious-minded, scholarly treatment of a world full of wizards, but the authors, Avichai Snir and Daniel Levy, make a good point: the Harry Potter novels do provide a fairly extensive fictional economic model, and the insane popularity of these books indicates that it's a fictional model that a lot

of people recognize. If you consider that all living economic systems had to start by basing themselves on fictional models, then it's worthwhile to analyze fictional models for hints of how people conceive of alternatives to their current economic situation. Read below the fold for what Snir and Levy discovered about the meaning of goblin bankers, Potterian censorship of the press, and the "stagnation of the magical economy" . . .

Here's a point that I found rather interesting about banking in the Potterian economic system:

*Those who deal with finance, both the bank officers and the usurers, are not human-beings. The banks are run by goblins, creatures that are described as gold loving and unfriendly. The fact that readers pass over the bank scenes without wondering how is it that wizards, who usually have little trust in other creatures, allow goblins to make money out of their financial affairs, suggests that little has changed in the way banks and other financial service providers are perceived by the public since medieval times.*

I think of banks as a combination of medieval and — when you get into things like IRAs and weird investment structures — sort of like a weird steam-driven contraption that's about to fall apart. Here's another great observation:

*[Wizard newspaper] The Daily Prophet takes the side of the ministry of magic, which in this case is also the side of the rich and powerful families, and systematically publishes only information that supports the government view. Thus, the press completely fails in its role as a watch dog. As a consequence, the government is allowed to act in a way that puts the whole magical community in a great danger . . . This implies that even in an imaginary world, people expect to see these problems that are associated with government interferences and the power of the ruling elites. This underscores how common and entrenched might be the view that markets do not function in a smooth and efficient way.*

The economists also point out that the popularity of Harry Potter books demonstrate that many people the world over feel frustrated by government bureaucracy, and don't trust it:

*The anger and the frustration that Harry Potter and his friends feel towards the government are a major theme in Harry Potter books. Readers, therefore, cannot escape the negative sentiment the books project towards public bureaucratic institutions and government*

*offices. If the readers were unfamiliar with this kind of sentiment towards the government, then perhaps it would be harder for them to relate to the book. The conclusion, therefore, is that these negative sentiments likely reflect the readers' opinion . . .*

Snir and Levy are also very concerned with the stagnation of the Potterian economy. Partly this is because those goblin-run banks don't really do loans; partly it's because social status in the Wizarding world is so rigid. Nobody ever creates wealth or engages in entrepreneurialism (except the Weasley twins), and all the stores we ever see have been around for centuries unchanged. No new knowledge enters the Wizarding world because innovation isn't encouraged — it's a steady-state economy with no room for mobility or change. In fact, our economists point out, the most evil character we meet, Voldemort, is the only person we know of in the Wizarding world who has risen from poverty to preeminence. (Harry has risen too, but only because he was mistreated in the human world, and didn't realize he was rich in the Wizarding world.) This social immobility is also what causes "mud-bloods" to remain outcasts. In regards to stagnation, Snir and Levy write:

*One reason why wizards find it difficult to move up the ladder is because their society leaves very little room for free entrepreneurship.*

It's true — people either inherit stuff or they don't in Harry Potter. Why might people choose to imagine the economy in this manner? Snir and Levy say:

*The readers seem to view the world as a place where only the rich can succeed.*

In addition, readers identify with Ron Weasley, who feels a great deal of resentment towards the rich. And, Snir and Levy add, the readers also sympathize with Hermione's efforts to get better conditions for house-elves, who are:

*the wet dream of a caricature capitalist: they are diligent, they work without breaks, and they are extremely afraid of being sacked, because unemployment is an almost certain death for an elf.*

The Harry Potter books, Snir and Levy conclude, contain a lot of anxieties about class warfare — especially in regards to the division between rich and poor, or developing world and developed world. And the books indicate that most people harbor fairly intense distrust of our current government and economy:

*Our interpretation of the Harry Potter texts suggests that the public sector is viewed as too large and that senior government officials are too busy in rent seeking activities. Large governments, however, become almost immune to criticism because a large part of the population is employed by the government, and therefore, acting to limit the government's size and scope is against self-interest of large segments of the society. Moreover, according to the view expressed in the books, large governments also serve the wishes of the upper classes by allowing them to manipulate the country's institutions and establishments to serve their needs by influencing a few selected bureaucrats.*

Even in our magical escapist worlds, there's room for economic criticism.

[Popular Perceptions and Perceived Economic Conditions in the World of Harry Potter](#)

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