

## JOHN NORELL

Ur ett ekonomiskt perspektiv

# Potternomics part one: how do wizards get rich?

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Thinking about economic aspects of the Harry Potter universe made me wonder, why are there poor people in the wizard community? The Weasleys are perhaps not very poor by the standards of muggles. But the ability to do magic could certainly be very lucrative if you lived in the muggle society, so in theory it wouldn't be difficult for a wizard living among muggles to become very wealthy. Why then doesn't all poor wizards migrate from the wizard community to the muggle one in order to increase their standard of living? If that were the case, then the poorest wizard in the magical community should be at least as wealthy as he would be living as a wizard in the muggle world. This of course assumes it's easy to migrate to muggle Britain from magical Britain as a wizard, which might not be true due to government regulations but the policies of the ministry in magical Britain will be discussed in a later post.

Even if we might be able to think of a range of creative ways to make money using magic, it's not necessarily the case that an actual wizard could execute or even come up with any of those ideas. Wizards don't have the same educational background that we muggles have. Almost all subjects in the Hogwarts curriculum are practical ones, for example charms, potions and defence against dark magic (full list [here](#)). And most of the time in class, they're doing exercises to practice performing different magical skills. The students are taught how to *do magic*, but not to understand *how* or *why* magic actually works. For them, magic seems to be just as mysterious as it is for readers of the novels. No student, not even the star scholar Hermione is encouraged to pursue a scientific career or even to study further after graduating from Hogwarts. Snir and Levy (2014) discuss the educational system in Harry Potter in more detail for the interested.

From this it's reasonable to think that someone who grew up in the wizard society would struggle in the technically advanced muggle society. In other words, the claim that any wizard should be at least as wealthy living in the wizard community as they would have been living in the muggle one might be a correct one. Since wizards don't reveal their magic to muggles we can't actually know for sure whether there are wizards living among us in secret or not. But, let's imagine that there are, where then would we expect to find them? What kind of jobs would they occupy?

Magic can be very helpful doing a lot of things. It can be used to change the shape or properties of an object, heal wounds and transport humans to give just a few examples. We can understand magic as a technology from the function it serves in society (more on this in a later blogpost). For many of the things wizards use magic for, the muggles have their own solutions.

In addition to their lack of knowledge on muggle technology and science being a limitation for them when choosing occupation, they also conduct their business in secrecy as mentioned before. So even if wizarding healing practices could potentially complement muggle medical science in improving the quality of healthcare, wizards probably doesn't work at hospitals since the risk of being exposed is too high. The same is true for all occupations where it would be difficult keeping magic hidden from the muggles.

It's less likely that wizards will work in service occupations, especially those that require technical knowledge. Perhaps farming, mining, fishing and forestry are sectors where wizards and witches could practice magic without risking detection. The problem with these sectors (collectively called the **primary sector of the economy**) perhaps is that muggles already are very productive in these areas thanks to technological advancements such as fertilizing and pest controls, genetic manipulation of breeding animals and advanced harvest and mining machinery. manufacturing (**the second sector of the economy**) is another possibly lucrative area for those with the ability to do magic.

In the end, things come down to what economists call comparative advantage. Which says bluntly that you should focus on producing goods or services that you are best at relative to what others are good at. And then trade with others. This is somewhat common sense, if you're good at cooking but hate making the dishes, while your partner is a terrible cook but enjoy cleaning, then both of you would be better off if you split up the chores at home instead of both doing half of each, which would mean you would do something you hate, and your partner would do something he or she is terrible at.

However the theory of comparative advantages makes a counter-intuitive claim. Even if a wizard is better at doing everything compared to a muggle, they would both benefit from trading with each other. Just think of a wizard healer and a muggle doctor at a hospital. The wizard healer might be able to perform twice the amount of surgeries a day compared to the muggle doctor. But working with emergency care, the wizard might be ten or twenty times more efficient at saving lives since speed is crucial and the wizard healer is much faster getting to emergency situations by flying or teleporting compared to the muggle doctor who loses valuable time traveling in an ambulance. Even if the wizard is better than the muggle doctor in performing surgery, to save as many lives as possible we want the wizard to spend all his time out in field.

The claim is true of countries too, so even if a country say magical Britain, is better at producing every product or service (as in producing at a lower cost) than a second country say muggle Britain. They would both benefit from focusing on producing goods where they have a comparative advantage and trading with each other. This is the key to understanding how the market economy works and why the division of jobs, specialization and trade has led to such amazing economic progress and wealth increases in the world.

Wizard might not know the norms and institutions of muggle society. But imagine *you* getting the magical abilities that wizards have, how would you use them to get rich? I'm assuming that you have moral values that prevents you from using magic to hurt or enslave people. And don't forget that the statute of secrecy forbids you from revealing magic to muggles. The answer to the question is perhaps not that interesting, but trying to answer it makes us think about how the market economy works, so if you have any fun ideas, please leave a comment or send me a message.

Snir, A. and Levy, D., 2014. Economic Growth in the Potterian Economy. *The Law and Harry Potter*, edited by Franklin Snyder and Jeffrey Thomas, *Forthcoming*.

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<http://www.johnnorell.com/2016/12/31/potternomics-part-one-how-do-wizards-get-rich/>

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