

# Medium

## Game of Thrones: Why Does Westeros Have A Stagnant Economy? 5 Potential Explanations (With Spoilers)

Ryan Bourne

April 12, 2019

Why does Westeros in Game of Thrones suffer from prolonged economic stagnation?

This question has been asked before and might seem trivial. But it has application to contemporary debates among economic historians about what caused the great take-off in living standards starting with the industrial revolution.

Though innovation reared its head in fits and starts (particularly in agriculture), up until the mid-18th century people suffered under living standards equivalent to incomes of around \$2–3 per day. As Steve Davies argues in his new book *Wealth Explosion*, the huge advances in our quality of life since, both pecuniary and otherwise, are genuinely novel and significant. Deidre McCloskey estimates our real living standard of living has improved by 3,000% in less than three centuries.

Yet Westeros has been unable to make this leap into sustained economic growth. With the exception of nobles, monarchs and rulers, most Westerosi seem to live in grinding poverty. Asking why this is the case allow us to consider what ingredients underpin the modern world.

On the face of it, Westeros seems to enjoy many characteristics that modern-day commentators tell us are essential ingredients for growth. There's trade between Westeros and Essos, including flows of people and hence knowledge. Major infrastructure projects are clearly possible. Public goods exist. The Wall is perhaps the most obvious example, defending Westerosi, as it did prior to being breached, from the "free folk" and White Walkers. Previous monarchs have invested in transport infrastructure such as the King's Road too. Old Town, containing the Citadel, seems well kept and financed.

Though it invests largely in regime change now, the Iron Bank of Braavos is a source of capital. Other financial institutions and investment funds can be found in the independent cities. In neighboring Essos can be found effective city states, showing both experimentation in political forms and significant commercialization (there are even mercenary armies).

There are inventors and entrepreneurial endeavors in Westeros arising from wants and needs (see Qyburn's development of a contraption to shoot dragons and Jon Snow's realisation of the need to mine Dragonglass). Merchants exist and do not appear to be particularly oppressed by political rulers (although Davos lost his hand for smuggling onions). Among the maesters at least, there appears to be a system of good public records, and degree of proto-scientific inquiry (more on that latter).

So what might explain why Westeros has failed to take off? Here are 5 theories posited—some of which are more convincing than others.

## 1. Supply-side shocks

Westeros suffers from harsh, unpredictable winters, that can vary dramatically in length. This makes it incredibly difficult to smooth consumption over time in an overwhelmingly agrarian society. Usually one would save and build up stock throughout other seasons to tide you over through these huge supply-side shocks that wipe out crop yields. Indeed, the very term "Winter Is Coming" might be thought of as a warning to "save and prepare for the downturn." But that becomes very difficult when you have no idea how long the winter is going to be. Winters, of course, bring unpredictable second-order consequences too, as the desperation of starvation leads to violent conflict, plunder, and the destruction of capital.

Yet, on its own, such a "real business cycle" explanation seems inadequate. Unpredictable and high-risk events can be insurable. What's more, as [Ilya Somin](#) pointed out to me on Facebook yesterday, the southern regions and Essos seem much less affected by long winters. In other words, there should be ways of developing economic insurance, trade or diversification to make sure winters do not necessarily result in penury. And the knowledge of winter's unpredictability should be incentivizing the people of Westeros to pour resources into innovation for storage of food and to increase crop yields and other production through the remaining seasons. Climate alone shouldn't be destiny.

## 2. Property Rights and Systems of Justice

Clearly, it doesn't help that Westeros is regularly hit by these massive supply-side shocks, be they winters, dragons raising villages, or indeed plunderers and pillagers such as the Iron Born or the The Mountain raiding through the Riverlands.

One reason why Westerosi would be wary of investing in storing grain or developing new technologies though is the lack of enforced property rights and the absence of an effective rule of law. This reduces the incentive to save and invest as there's a high risk the fruits of your work will be taken by force. Being prudent or innovative may actually make you a target for bandits or expropriators in this world. Vast areas of Westeros certainly appear relatively lawless; at best, there is little predictable justice.

In fact, it's worse than that. Most people within Westeros work on land for the lords. They are effectively serfs. So although markets for certain goods exist, there are no real functioning markets in the sale or purchase of land or for wage labor, two essential inputs to production. Without ownership of yourself or land assets, there is little incentive for smallfolk to produce more or to develop a factory or new business, or even invest in their own human capital. Not

only are most of them under the command and control of their superiors in terms of what they do, but they wouldn't personally benefit from undertaking these ventures and investments anyway.

Yet, again, this explanation—of inadequately provided public goods of property rights and the rule of law—cannot tell the whole story. There doesn't really appear to be much innovation among the nobles and their families. Though they are relatively secure and take resources to fulfil their personal needs, the houses themselves would benefit from encouraging innovations to make them and their subjects more secure and powerful through winters. So we need an explanation for why the houses do not adopt effective property rights or move on from the feudal system.

### 3. Wars

One potential explanation is the constant war footing given seemingly never-ending disputes. Wars are destructive and, as with the lack of property rights, discourage investment in other types of innovation outside of military build-ups. Entrepreneurs and innovative people clearly exist in Westeros, but their energies are being put into destructive forms of entrepreneurship, such as, historically, the development of wildfire and Valyrian steel swords and, more recently, contraptions to kill dragons.

The crown, since Robert Baratheon and Joffrey Baratheon/Lannister at least, has run up huge debts through both war expenditure and Westerosi “bread and circuses” in the form of tournaments. This wasteful non-investment spending reduces the pool of capital available for other investments for other houses, not least because the Bank of Braavos has fully thrown its lot in with a Cersei Lannister victory. The large debts run up by the Crown have also led to the Lannisters taking grain and goods by force—see, in the last season, the invasion of Highgarden. Previously, we've heard how the high debt has necessitated taxes on brothels (a kind of “sin tax”) and people entering King's Landing (a tax on migration and people moving for better economic opportunities).

Yet can war really be blamed for the stagnation? There have been relatively peaceful times in the past, and yet there is no indication that innovation took off even then. Though extensive wasteful and destructive government spending and hence debt can damage an economy, the experience of the UK after the Napoleonic wars and the second world war shows that it need not prove an insurmountable barrier to growth (though in a commodity currency world, it's tougher to inflate away debts as Britain did through the 1960s and 1970s). In fact, usually there are significant innovation spillovers from military spending, something which does not seem to occur in Westeros. While the destruction of war is no doubt damaging for Westerosi living standards, it doesn't appear a comprehensive structural explanation for entrenched stagnation.

### 4. Knowledge and Innovation

Two years ago, [Adam Ozimek](#) outlined one more comprehensive theory for this innovation dirth, based around the ideas of economic historian Joel Mokyr.

Mokyr believes that what really drove the take-off in material progress in the Industrial Revolution was open science, and knowledge becoming a kind of common resource. This had

two consequences. First, it allowed “tinkering” and scientists and inventors to work in close collaboration with business people with a view to commercializing ideas. Second, it meant ideas could be tested and critiqued among peers, using evidence and reason.

As my Cato colleague Terence Kealey has outlined, intermediate institutions formed, such as the Royal Society, that allowed scientists and others to learn from each other’s research, but with a degree of excludability such that the incentive to undertake the research remained.

Deirdre McCloskey’s thesis is related. She thinks that what really characterized the great take off was a change in rhetoric such that people “having a go” and seeking betterment and understanding became normalized and even celebrated. Whereas before spells of innovation, as in China, had been crushed when viewed as a challenge to authority, now it was widely understood as a positive.

In Westeros though, science and knowledge is closed, resting in the system of maesters (which have strenuous restrictive occupational licensing requirements, as shown through Samwell Tarly’s frustrating attempts to become one). Books are locked away from the public and could not even be accessed legally by Tarly during his “training” clearing crap and serving food to the sick. Speculations and hypotheses put forward by Tarly about the army of the dead were not debated on their merits, but dismissed by his elders.

Clearly, the books in the Citadel contain vast amounts of scientific and historic wisdom, shown not least by Tarly’s ability to use a tome to cure Jorah Mormont’s greyscale. But under the monopoly stewardship of the maesters, this knowledge is not widely used or transmitted. Accumulated knowledge is not allowed to spread outside of their network except through folklore and word of mouth. This is especially significant, since the maesters control an effective communication system (the ravens).

The Maesters have a big stake in the status quo and are high status in the Westeros world. But while it’s certainly true that this “closed proto-science community” is unhelpful and locking away of knowledge will hold the Westeros economy back (Tarly ultimately leaves realizing it’s the only way to make a real difference to the world), it doesn’t explain why the noble houses and public do not attempt to innovate afresh to fulfill wants and needs. In fact, even in the parts of the Game of Thrones planet where maesters do not play a role and which are protected well from external threats, such as the cities in Essos, the economies seem stagnant too.

## 5. Magic

One final structural explanation for why the whole Games of Thrones planet seems economically stagnant, put forward by Kevin Vallier, is the existence of magic. He argues that observed magic, whether it be seeing the future in flames, or bringing dead people to life, deters others from undertaking the “boring, rote, micro-level scientific inquiry” that leads to the marginal revolutions of progress. Magic’s existence encourages people to pursue it, rather than more mundane innovation.

Magic also disrupts the idea that God works according to predictable, discernible rules. This encourages belief in many gods operating various activities, creating a culture less conducive to science and rationality. Magic also may shape how maesters see their role in society—thinking

themselves as protectors of the status quo and accumulated knowledge and wisdom rather than innovators reaching for progress. It might also deter military and other innovation too. After all, why invest significant sums if your armed forces can be destroyed by dragons or unknown or unpredictable shadowy forces?

There's a lot in this, I suspect. But as someone in the comments to Vallier's piece writes: if magic is in fact "real" in this world, then surely it is something that should be viewed as science? It doesn't explain why scientific advances are not pursued and applied for the purposes of material progress. That brings us back to the need for property rights and an open scientific community.

### Conclusion

Economists probably agree about as much over what drove the "Great Miracle" of the modern world as readers of this will about what keeps Westeros poor. But the economics of Game of Thrones perhaps highlights certain channels and ingredients that modern scholars have posited as necessary or at least desirable for a thriving, dynamic economy: property rights, open knowledge, inclusive institutions, markets, peace, and enlightened values. Westeros isn't there yet.

*Ryan Bourne occupies the R. Evan Scharf Chair for the Public Understanding of Economics at Cato.*