



LANGUAGE BARRIER

KRISTIAN NIEMIETZ says different languages don't just impede understanding – they inhibit trade too...

According to UNESCO, 230 of the world's languages have died out over the past sixty years, and many more will die out in the near future.

When the reduction in the global number of languages is covered in the media, it is always presented as a self-evidently bad thing.

For example, in an article entitled "Languages: Why we must save dying tongues", the BBC quotes a linguist who argues that "we spend huge amounts of money protecting species and biodiversity, so why should [...] the one thing that makes us singularly human [not] be similarly nourished and protected?".

But from an economic perspective, it is not at all obvious why a reduction in the number of languages should be a problem.

Diversity of languages has costs as well as benefits, and it is quite possible that the cost of the 'marginal language' greatly exceeds its benefit.

If so, the implication would be that the current number of languages in the world greatly exceeds the optimum number.

Language plurality is a hangover from a time when people rarely strayed far from their settlements, and had no need to communicate with anyone outside of their own small community.

But in today's globalised economy, the cost of overcoming language barriers is a transaction cost like any other, comparable to the cost of overcoming physical or regulatory barriers.

And just as e.g. shipping costs or compliance costs are passed on to consumers in the form of higher prices, so is the cost of translating documents, hiring interpreters etc.

That cost is not trivial.

Translation and interpretation services represent a global industry worth \$37billion (The Economist, 2015), roughly equivalent to the GDP of Lithuania.

Some see that as a good thing. "Languages are [...]"

boosting economic growth rather than being a cost", says Karl-Johan Lönnroth, the former director general of the European Commission's translation department (Euractiv 2009).

But they are a cost. We would be better off if we did not have to spend billions on remedying the fact that we don't understand each other.

Lönnroth's logic is a good illustration of what Bryan Caplan calls the "make-work bias", the tendency to mistake job creation for wealth creation.

Taking Lönnroth's argument a bit further, we would be even better off if we invented additional languages, in order to create even more jobs for translators and interpreters.

The problem is that unlike, say, restaurant meals or movies, the 'consumption' of translation services is not enjoyable in its own right.

They are necessary to overcome an obstacle, and we would be even better off if the obstacle had never been there in the first place.

The \$37billion figure is only the tip of the iceberg.

It does not include the cost of things like language training, and even if it did, those are only the static costs.

Language barriers are, in essence, trade barriers, and like all trade barriers, they lead to a less efficient international division of labour.

They reduce trade, and they distort trade patterns (Srivastava and Green 1986). We probably trade 'too much', relatively speaking, with e.g. Australia and New Zealand, and too little with e.g. Japan and South Korea.

Language barriers also reduce international labour mobility.

Were it not for those

barriers, it is unlikely that grotesquely high levels of youth unemployment in Spain, Greece and Italy would coincide with sectoral staff shortages in the Netherlands, Germany and Austria for so long.

But while language barriers reduce immigration overall, they also make the integration of immigrants harder.

In short, language barriers make us poorer. "But that's

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such a horribly boorish way of looking at it!", I can hear you say, followed by something about economists knowing the price of everything and the value of nothing. Foreign languages are not just an obstacle, you say, they are also enriching and rewarding.

But while there may well

be substantial non-financial benefits, there are also substantial non-financial costs.

If you are a polyglot who enjoys conversing in foreign languages, watching foreign movies and reading foreign books in the original, you may well be a net beneficiary from the current situation.

But even then, you will have experienced the frustration that comes with not understanding what people are trying to tell you, and with people not understanding what you are trying to tell them.

That frustration is a massive non-financial cost, and unless you reach a very high level of language proficiency, it will typically greatly outweigh any non-financial benefits.

What should be done about the problem of language oversupply? Nothing.

We are where we are, and path-dependency will keep us there for now. And that's bad enough.

But we should at least stop kidding ourselves that obstacles are a blessing. It is a good thing when languages die out. Ideally, they should be dropping like flies•

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