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Language and wealth

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Does the language you speak or use help influence how wealthy you are?

When trying to determine why some countries are wealthier than others, economists rarely, if at all, consider language. However, if you look at the list of wealthiest countries on a per capita income basis, you will notice almost all the top 20 are English-speaking, or use some other Germanic language, with the exception of France, Japan, and Finland (however, most Finns know German and English as well as Swedish, and many Frenchmen know German and/or English).

English is only the primary language for about 5 percent (340 million) of the world's people. Another 200 million, or 3 percent, are reasonably fluent in English, and perhaps up to another 500 million (8 percent) know some English.

The number of French and German speakers are each probably less than 3 percent of the world's population. Yet, those who speak English or other Germanic languages account for more than 40 percent of the world GDP, while comprising only about 8 percent of the world's population.

The rankings of the other major languages are as follows (both primary and secondary speakers): Mandarin Chinese 1.1 billion; Hindi 490 million; Spanish 420 million; Arabic 255 million, and Russian also with 255 million.

Now, back to the basic question: Is there something about the English language itself that helps make one wealthier, and is there something about the Arabic language itself that inhibits economic development?

Several years ago, before his death, the distinguished musician, historian, philosopher and columnist Balint Vazsonyi told me he did not think it was possible for people who did not understand the English language to fully understand the English and American concepts of liberty, freedom and rule of law (and this from a Hungarian who did not learn English until he was in his 20s).

Other immigrants to America tell me the experience of living in a free market democratic country is what gives the real meaning to the words. Recently, I have been involved with a project to create a Standard International Dictionary of Economic Terms, Concepts, and Organizations. The project involves attempting to have standard, up-to-date translations

of economic and financial terms and concepts so, regardless of language, everyone on the globe would understand the meaning of the ideas in the same way. Not being a linguist, I have found this is easier said than done, which caused me to remember Balint's comments.

It turns out a body of Arabic scholars determines what words can be used in the Arabic language. Originally, no word could be used that was not found in the Koran, but this obviously became too restrictive as technology and ideas developed, so there is now the official approval body. The French also have the official language police to determine what word can and cannot be used in the French language. The problem is that the actions of the official language bodies tend to lag as new scientific discoveries are made and new technologies and concepts developed, and hence users of these languages are put into a linguistic straitjacket and time warp. There is no such official body for English, thus both foreign words and newly invented words are added to the English vocabulary every day by individuals and organizations across the globe

Years back, when I was involved in the economic transition in Eastern Europe and the former Soviet Union, we had many language problems. For instance, the Russians never had a modern market economy, so that basic financial concepts like "depreciation" and "present value" were not understood and literal translations turned out to be meaningless at that time. Trying to privatize and sell companies where the language concepts did not exist to give an adequate financial evaluation was an additional challenge. Fortunately, the Russians, being practical, quickly grabbed the English words and concepts for their own use.

It is more difficult to comprehend ideas and concepts if there are no words for them in one's language. Did you know there is no word for "enterprise" in Arabic? English is becoming the world language by default, precisely because there is no institution that states what English is, thus it is totally open to new ideas, concepts, technologies, etc. (like open source software). In fact, the two largest English-speaking nations, the United States and the United Kingdom, do not have an official language (unlike most other countries) -- English is only the de facto official language. Any country can adopt English as an official language if it wishes -- and now about 50 of them have done so.

Obviously, the rule of law, property rights, trade, tax, monetary and regulatory policies, as well as culture and religion, all influence economic development. But perhaps the economics profession should look more closely at the role of language in predicting economic success. The words we use may also help determine how wealthy we are.

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