

Linguistic Distance and Economic Development: Cost of Accessing the Domestic and International Centers

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Abstract

We investigate impacts of domestic and international linguistic distances on the long-run economic development. We construct two types of linguistic distance indexes — domestic and international linguistic distances. A domestic linguistic distance index is basically calculated as population-weighted average of linguistic distances between mother tongues of residents in a country and the national (official) language. International linguistic distance indexes are calculated in two ways: (i) population-weighted average of linguistic distances between mother tongues of residents in a country and English, (ii) linguistic distance between national languages and English. For poor countries, domestic linguistic distance significantly gives negative impact on economic development, while only rich countries enjoy positive and significant impact if international linguistic distance is shorter. In addition, we find non-linear impacts on economic productivity given by international linguistic distance with a change in sensitivity parameter values of international linguistic distance. US and European nations react to a change in international linguistic distance parameter in completely opposite ways, but both North America and European nations show great economic power, which bears non-linear behavior of coefficients on international linguistic distance index.