LANGUAGE POLICY AND ECONOMICS: DOES ENGLISH LANGUAGE ACCELERATE THE WHEEL OF DEVELOPMENT IN THE ECONOMIES OR NOT? A REVIEW

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Abstract: Having one common language could facilitate and reduce the cost of trading between different parties form different nations. In addition, it helps the economies to participate and benefit from the global economy. On the other hand, language policy, planning, and education are very important tools for economic development. In this paper, consequently, the focus is particularly on English language and its economic value as lingua franca for the development and how does English language proficiency increase each of Quality Education and Intercultural Competence and hence the economic advancement? Therefore, in this regard, it is important to emphasize the importance of the 'Economics of language', which appeared in mid-1960, and its role in deciding language policy as well as the government's intervention. Besides that, the return from investing in English language education and its impact on foreign direct investment in different countries. This study is a literature review analysis aiming to investigate the role of English in enhancing the development of the nations. Therefore, the study includes a wide range of scholarly past and recent scientific related-works. According to this review, despite the fact that the evidence relating to the mutual impact between language and economics is limited, there is no way to deny the importance of English in the development.

Keywords: Development; Economics Of Language; English Language; Intercultural Competence; Quality Education.

JEL Classification: O1; Z1; Z13.

1. Introduction

In fact, the usage of economics which is related to language issues is increasing. In addition, many different worldwide trends, related to language, culture and ethnicity, usually give explanation of particular issues which can be also explained by the economics of language. These trends are the following. Firstly, the geographical and political restructuring of Eastern European countries as well as the Common wealth of Independent nations (after the fall of Berlin wall, 1989) has resulted in the reaffirmation of many different identities (locally and regionally) which had been restrained for long time. These identities are related to particular languages which become more obvious than before (1960- the first existence of the Economics of language). Secondly, after the 20th century, migration as well as diversity started to be intensive. it is also interesting that these trends are unlikely to be linked to

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economic and political status but ,to an increasing extent, related to qualified professionals. As a result, these trends lead to increase the linguistic, ethnical and cultural diversity, especially in the urban areas. Thirdly, the establishment of international political and economic organizations such as European Union (EU) in which there are diversity of languages as well as the possibility of language conflict by different groups. Fourthly, the importance of globalization and its role in increasing the volume of international trade worldwide and decreasing the cost of telecommunication and traveling. These two indicators decrease the usual cost of communication between broad variety of people who use a broad variety of languages (Grin, 2003). Therefore, it is necessary to have particular language policy by which the resources can be allocated properly and this can be achieved through the Economics of language.

In practice, from the macro-economic point of view, many questions are still unanswered. For example, to which level the common language in the fifty states in the USA eased or helped the economic exchange such as the exchange of goods, services and production factors (like labor) and hence increased total income in comparison to Europe where there are many different languages. In the case of Europe, many procedures have been taken in order to facilitate the mobility of goods and people. These procedures include the reduction of tariff and non-tariff obstacles, setting up the European Union (EU), the freedom of mobility of EU citizens in the area and the adoption of one common currency in order to reduce the cost of trading. In addition, and on informal basis, Europe considers English language as a common language (lingua franca) for communication. Therefore, to what level English language will increase the GDP of Europe? (Chiswick, 2008). Therefore, knowing the quantitative answer could not be direct but possible. However, this does not deny the part English could play in enhancing the international development. Beside its importance in increasing each of economic competitiveness and educational improvement, English is usually part of the debate regarding its role to access the technology which can be considered as facilitative tool by which educational change and advancement could happen. As a result, it helps in the fulfilment of the United Nations' Millennium Development Goals (MDGs) (UN 2000), especially MDG. 2 'universal primary education' and MDG. 8 'to Develop a Global Partnership for Development' (Seargeant and Erling, 2011).

According to Kogut and Harbir (1988) and Benito and Gripsrud (1992), Foreign Direct Investment facilitates the availability of financial resources and know-how-to technological information to the host country and thus it increases the economic growth of the country. Therefore, this kind of activities entails learning particular foreign language by which the communication with foreign parties, authorities as well as customers can be easy.

In comparison to other languages, English is still the wide-spreading language worldwide (Coleman, 2011). Accordingly, it has been confirmed that development efforts become integral part of governmental and academic entities and associated with English language education (Bruthiaux, 2002). Hereby, many studies proved it, according to the following related facts. Firstly, considering mother-tongue as the language of teaching can enhance Quality education (Benson 2004, Trudell 2009). Secondly, there is positive correlation between Quality Education and Economic

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growth (Hanushek and Woessmann 2008). Thirdly, there is a correlation between English proficiency and the growth of the economy (Grin 2001, Chakraborty and Kapur 2008).

In this paper, the aim is to conduct investigation about English language and its impact on the economic development in the literature. Therefore, the paper includes two inter-related sections. The first section focuses on the language of economics as a discipline of economics and its importance for language policy choice. The second section of this paper discusses the role of English on enhancing the economic development through two factors: Quality Education and Intercultural Competence. Therefore, the paper tries to investigate, using literature review, how to effectively decide the most appropriate language policy for the economy and what does the economic value of English language stand for?

2. Materials and Methods

The study used literature review analysis with the objective to investigate the influence of English language as lingua franca on the economy. The investigation followed logical structure of discussion starting from what the literature does include in general (the mutual impact of language and economic variables) to narrow particular point of debate (regarding the impact of English language on the development) (from the macroeconomic perspective). This analysis included related literature from various sources starting from the past until the last scholarly studies as well as critiques in this regard.

3. Results and discussion

3.1. Related Literature: The Economics of Language

Economics of language's first emergence was in the mid-1960s. In that time, precisely in 1965, Jacob Marschak published his article ,titled Economics of Language, in Behavioral Science. Marschak's initial ideas was about considering language as value, utility, costs and benefits. (Zhang- Grenier, 2012). However, there are three generations of studies which are considered as the beginning of this filed. The first generation's work was empirical in the 1960s. However, its origins can be dated back to the economic analysis of racial discrimination which was written by Becker (1957) and its analytic application to language which was suggested by Raynauld and Marion (1972). Accordingly, it attributes the ethnic feature to the language. On the other meaning, mother language is used as identity to assign every person to his/her group. Hence, this can influence the social and economic status of the assigned person. This feature or function can be used to explain the reason behind inequality of earnings between white and black people in USA and also between English speakers and people speaking French in Canada. With regard to economic analysis, it can be connected to discrimination more than language issues. The second generation of this filed, which was in the period between 1970s and 1980s, focuses on the human capital aspects of language. This, in turn, opens the door to various standpoints on language and particularly ties with education economics. In this regard, it shows the language skills as a capital by which people

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and society can invest and make profits. For example, the social and economic situation of immigrants (such as Spanish native speakers in USA) was evaluated as empirical work to assess the resulted value behind learning English. The third generation of this field, which was proposed by Vaillancourt (1980), indicated the fact that labour income can be determined by language functions. Therefore, according to this generation, languages aren't considered as kind of identity or as skills necessary to communicate. Rather, it is a group of linguistic characteristics which can affect the social and economic situation of the individuals (Grin, 2003).

According to the literature, Economics of languages was reviewed by several researchers such as Vaillancourt (1983), Grin (1996, 2003), and Grin, Sfreddo & Vaillancourt (2011). Their reviews played important role to clarify the relation between economic factors and language issues. Recently, some economists included game theory approach to the literature (which may be close to the ideas of Marschak) such as Rubinstein (2000), Glazer & Rubinstein (2004, 2006). (Zhang-Grenier, 2012).

In fact, the literature is full of examples regarding the impact of English on the development. However, other widely spoken languages could be important in the economic performance (on regional or even international level). For example, the study of Chiswick et al. (2000) investigated the impact of Spanish language on the earnings in Bolivia. It finds out that people speaking Spanish are more lucky than bilingual as well as indigenous languages speakers. In addition, Spanish language is projected to spread worldwide in different regions such as USA where Spanish language comes after English and hence considering the strongest country in the world as one of the most powerful Hispanic nations in the mid of the 21th century (Lago, 2011). Besides that, Spanish language occupies the status of second language in each of Brazil (in the education system), Europe (After English) and Asia (including China and Philippines). Regarding its economic value, it has been proved that Spanish language plays important role in the commercial trade throughout the world. Depending on the gravity model, 51 nations (including 11 countries speaking Spanish) have been investigated as sample for the study in the period between 1996-2007. The results of this study show that having common language produces a multiplication factor in global trading which equals to 190% for the trade among nations having common language. Moreover, having common language, within Hispanic countries, could increase the bilateral trading between them by about 300% (which is more than English in the Anglo-Saxon countries) (Delgado et al., 2014). In the case of Mandarin, there is increasing attention in learning Mandarin Chinese. The reason behind that is due to the assumption of expecting Mandarin to be used as a way of communication in the companies which are planning to communicate with the country (Delgado et al., 2014). By looking at the economic and political status of China, Mandarin Chinese has the possibility to be considered as global language. In addition, there is possibility to substitute English language with Mandarin Chinese in the future and to challenge United Status for its economic position in the world (Sunny, 2015). Furthermore, The economy of China is projected to grow and to be on the top of the world by 2030 (even in terms of nominal GDP indicator). On the other hand, Mandarin Chinese is expected to attract more attention and appeal. For example, there is tendency to learn Mandarin in South Korea. This

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can happen because Korean businesses always require Mandarin speakers. Statistically, the volume of trading between China and South Korea increases over the last years. For instance, in 1988, 1997 and 2014, the trade volume was about 1.7%, 8.4% and 21.3% respectively. This indicates the growing trade between these two nations which in turn requires learning Mandarin Chinese to foster the trading (Kang, 2017).

In fact, the failure to consider the effect of common language (according to the gravity model) could lead to biased estimation of trading impact of economic integration in economic area such as EU. For example, in EU, there are languages with official status such as English (in each of UK, Ireland and Malta), German (Austria, Germany and Luxembourg), French (France, Belgium and Luxembourg), Dutch (Belgium and Netherlands), Swedish (Sweden and Finland) and Greek (Greece and Cyprus). Therefore, having common language can enhance bilateral trading (Fidrmuc & Fidrmuc , 2016).

Language policy and state's intervention

Economics plays important role in language policy as well as in language planning. In fact, there are two reasons behind that. Firstly, economics facilitates the process of decision making in the issues which are pertinent to language. It assists decision makers to properly understand how does the choice of particular language influence the economic consequences such as the rise of income which is resulted from second language education or learning. Also, it helps to understand how do economic factors affect the choice of language such as international trade's impact on the existence of particular languages and the fall of others (Grin, Sfreddo & Vaillancourt, 2011), (Melitz, 2008). Secondly, economics helps to select, design, implement and evaluate language policy. Moreover, economics differentiates between different language policies using the approach of cost and benefit analysis. However, it is not easy to allocate the financial values to the costs and benefits using this analysis (Zhang-Grenier, 2012). Besides that, the economic approach can guide language planners about the missions they are required to accomplish and how to achieve them. For instance, language policy can determine the manners of allocation of resources. However, economic approach, such as choice theory, can effectively assist in providing the rational way to achieve that. To prove that, each of Grin & Vaillancourt (1999) proposed that, like any policy such as education, health, urban planning or environmental policy, language policy's fiscal expenses can be financed through government's taxation. In addition, Pool (1991) suggested that language planners prefer to choose the language with possible lowest total cost and its allocation should be in concordance with language group's population. Despite the difficulties, it is still worthy effort to explore the distribution of cost in language policy. Furthermore, language policy and planning face many challenges and problems which was examined and explained by many studies in the field of Economic of language. These studies include different related issues such as return rate on the language (Grin, 1995; Gao & Smyth, 2011), the assessment of language policy's impact (Grin & Vaillancourt, 1999) and also language policy's costs and benefits (Vaillancourt, 1996; Vaillancourt & Coche, 2009).

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By looking at the literature, researchers usually focused on the allocative rather than distributive matters which are related to language policy choice. Regarding the allocative function, the allocation of resources is emphasized without knowing who is the winner or loser behind choosing the policy. It only ensures that the chosen policy results in gain in total welfare. Therefore, the winners have the possibility to recompense the losers and hence nobody is worse off. On the contrary, the distributive function is considered as a fair function due to its ability to identify the winners and losers and estimate the gains and losses. Furthermore, having incentive-based policy requires ,as a condition, to suggest methods of compensations as well as to ensure the compliance from the related parties. After the leading work by Pool (1991), the researchers recently started to concentrate their efforts on the distributive matters such as Van Parijs (2001) and Grin & Vaillancourt (2000). Analysing this function is challenging but very important, especially, due to its connection to interesting issues such as the decision of selecting formal authoritative language in multi-linguistic region like the European Union (Grin, 2003). The goal behind choosing language policy is to adjust the linguistic environment and hence raise the welfare. Accordingly, let's suppose that the linguistic environment can adjust itself without government's intervention. As a result, according to the economic theory, this could lead to what is called market failure which could happen due to the following reasons. Firstly, existence of insufficient information, which mislead the economic agents from taking the right decision. For example, some analysts argue that social parties in non-English speaking countries are unsuccessful to understand that their linguistic environment will be negatively influenced by infringements of English and hence they could fail to maintain the quality of their linguistic environment. Secondly, the existence of high cost of transaction. In fact, adopting one common language could decrease the cost of transaction. For example, linguistic environment such as European Union ,with 24 languages, could perform well through using one common language, such as Esperanto, without the need to translate and interpret (Pool, 1996). Thirdly, the presence of non-existent markets. For example, the market of threatened language will no longer exist for next generations to be demanded. This could happen because next generations will extremely care about linguistic diversity. Fourthly, by considering the linguistic environments as a good and arguing that they are resulted from huge number of actors in the market and in different positions of power, that could breach the condition of freedom of entry. Therefore, this results in the existence of imperfect market. Depending on the previous justifications, state's intervention should take place not on the political or human basis but according to the economic theory of welfare (Grin, 2003).

3.2. English, language policy and its impact on the development through Quality Education as well as intercultural competence

In fact, Economics gives increasing attention to the education more than languages regarding the process of economic development (Arcand and Grin 2012). In addition, there are few nations who do not embrace the belief that English is necessary for social and economic development. As a result, they usually adopt language policies in which English can be considered as a subject in the curriculum or as a language

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of teaching in the schools or as a tool for development which is used in the private sectors such as businesses (Kennedy, 2011).

With respect to Education aspect, it is necessary to mention here that the language education for economic development purpose should be involved in two things. Firstly, to be engaged in crucial pedagogy in which five important characteristics take place: change-aimed, empirical, pro-autonomy, cooperative, and communicational. Secondly, to include an open, critical, and dynamic approach to broader educational experiment as well as to the daily life (Savage, 1997). Despite that, this approach, for language educators as well as language policy makers, may be exposed to the risk of being restricted to the English language education (Bruthiaux, 2002). Rationally, the economic strategy of the nation should rely on the attraction of foreign capital and also on exports. Therefore, it could be crucial and essential to have compatibility between language education policy and economic strategy's requirements. For example, each of Singapore, Ireland and Puerto Rico have adopted language instruction reform which was resulted from export-oriented industrialization change. Their economic likeness ,as islands having long colonial history, includes the following. Firstly, their industrialization is following export strategy which relies on the attraction of foreign direct investment through tax decline. Secondly, the transition from import substitution to export strategy. Thirdly, English proficiency in these countries is linked with wages increase, the attraction of foreign capital as well as economic growth. Despite that, meeting the requirements of export-oriented industrialization varies from country to another. For instance, in the case of Singapore, the level of compatibility between economic policy and language education policy was high due to the adoption of English as a language of teaching beside studying one of three languages in the country such as Mandarin, Tamil or Malay. In Ireland, the compatibility has been from medium to high (English has been gradually prioritised over Gaelic). In Puerto Rico, the level of policy compatibility was low due to the refusal of teachers union to choose English as a language of instruction (Suárez, 2005). From these examples, there is clear link between language education policies and economic development. On the other hand, In order to increase the intercultural communication skills of

foreign language learners, intercultural communication should be included as a part of language education. In fact, English is considered as medium tool for international communication in places such as multinational companies (Marschan et al., 1997). In addition, according to Honna (2000), English can be defined as multinational as well as multicultural language. With respect to globalization, multicultural societies ,and even societies keeping homogeneous ethnic and national identities, are exposed to the challenge of recognition of diversity inside (Tsuneyoshi, 2004). For example, the belief of Japan to be homogeneous had been necessary tool in safeguarding its current social systems. Despite that, ethnic diversity in Japan is considered as a country's power that could boost the social and economic movement of individuals. This could happen by English language education which can help to benefit from globalization phenomenon in a way which can allow foreigners to move in Japan and therefore the contact with other cultures can be enhanced (The Prime Minister's Commission on Japan's Goals in the 21st Century, 2000).

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Furthermore, the acquisition of the language of destination country eases the process of migration, minimizes the cost of migration and also increase the possibility of success for the immigrant in the labour market (Bleakley and Chin, 2004). To be more precise, the implicit rise of emigration rate to nations having similar language varies from 18.8% to 20%. Therefore, linguistic proximity influences the rate of migration. Besides that, widely spoken languages (such as English language) play important factor in the international migration (Adsera and Pytlikova, 2015). On the other hand, migration from one country to another could increase the diversity and variety of languages and cultures and hence innovation on the regional level (Fassio et al., 2018). Therefore, these factors (language education, migration and diversity) are connected and related. Therefore, language education influences migration and hence cultural and linguistic diversity. In relation to economic development, an immigrant is considered as intermediary by which new ideas and capabilities can help in achieving technological progress in the host nation. On the micro level, many studies support the fact that diversity has positive influence on the production capability in the existence of skills which complement each other's (Lazear, 1999). In addition, Hong and Page (2001) investigate the role of heterogeneity in improving the process of problem-solving and find out that heterogeneity with few capabilities can perform better than homogeneous group of people with high capabilities in solving the problems. Furthermore, Ager and Bruckner (2013) investigates the impact of massive immigration to United States in the time between 1870 to 1920. They discovered that the rise of US district's cultural fractionalization increases the output per capita. Whereas cultural polarization has negative impact. Depending on that, by looking at English speaking countries and countries with high English proficiency index, the level of migration and cultural diversity is high and these countries are considered also as strong economies such as North America, Canada, UK, Australia, Singapore, Finland. In addition, this kind of nations has developed policy framework by which cultural diversity is supported and tolerated. For example, in the 1970s, this policy was used and applied by nations such as Australia, Canada, US, UK, Sweden and Netherlands. This policy includes particular steps in fields such as public recognition, Education, law and public material (UNESCO, 2009).

Therefore, as previously-explained above, each of language pluralism as well as multilingualism seemed to be as language policy's goals at very late phase (Neustupný ,2006).

3.3. Critiques:

English language is widely spoken worldwide. However, this spread has increased the discussion regarding its social, cultural, political and economic influence on non-English speaking nations (Saraceni, 2010). For example, linguistic imperialism which was developed by Phillipson (1992) in which he claims to investigate the reason behind the wide expansion of English language in the world. To be more clear, linguistic imperialism is equivalent to other meanings such as cultural imperialism, educational and scientific imperialism. Other scholars such as Auerbach (1995) and Pennycook (1995) argue that the wide expansion of English language is due to the wide political, social and economic process which leads to economic inequality. Besides that, scholars such as Skutnab-Kangas (2000) claims that English language

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represents a main threat to the development and existence of other languages. In addition, education and media are direct, clear tools for causing language death. This could happen by preferring to learn the dominant language over the local language. Therefore, this could negatively influence the development of other cultures and cultural diversity as well (Johnson, 2009). Furthermore, each of Gerring, Thacker, Lu, and Huang (2015) find out that there is positive linkage between cultural diversity and fertility as well as mortality ratios. However, they discover that it has negative impact on literacy as well as growth. In addition, Alesina and LaFerrara (2005) investigate the impact of ethnic and linguistic diversity (using Greenberg indicator) on the economic development (GDP). They find out that there is a negative association between the two variables. They justify that diversity results in social conflict as well as trust decline which is essential for economic and political stability. With regard to education, Glewwe et al. (2009) discovers that it was useless to use English language books in Kenya's schools. For most students, it is not easy to read them with the ability of understanding. Moreover, only rich students as well as achievers can get some benefit from using these books. In addition, Bruthiaux (2002) argues that the concentration on English language education could result in increasing income gap in the developing economies. Therefore, wealthy individuals can only benefit from learning the language more than poor people.

In fact, the debate regarding the role languages may play in the process of development triggers the curiosity of many researchers for long time. However, researchers' investigations are still open to question and unable to end the debate (Nettle, 2000). Besides that, the rise of uncertainty which is resulted from the literature in which many terms with different meanings have been used such as the usage of the concept fragmentation (which indicate to negative implication) and multilingualism (which has positive implication) (Arcand and Grin, 2013). However, according to the investigation made by Arcand and Grin, 2013, they find out that high ethnolinguistic diversity results in high income per capita and hence it is wise to change the term, fragmentation, into multilingualism as a positive indicator.

With regard to the economic growth, it was discovered that the linkage between English proficiency and economic growth is positive in the case of Asian as well as European nations. However, in the case of Latin and African nations, the evidence is hard and unavailable (Lee, 2012).

4. Conclusion

Depending on the literature, the debate is still open for discussion regarding English and its role in achieving the development. While some scholars scientifically prove the economic value of English language, others criticize it. This, in turn, increases the ambiguity regarding that. In addition, it is not direct and clear how English can influence economic variables such as GDP per capita. Therefore, the evidence is still little. However, English language can be useful in many different channels of development. As reported by Euromonitor, many developing economics recently starts to realize the value of English as a necessary tool for the economic growth of individuals as well as fighting poverty (Pinon-Haydon, 2010).

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According to the notion of investment by Peirce (1995), individuals invest in the second language financially and intellectually with the belief that they will expand the range of their resources which in turn can increase their cultural capital value. The return of this investment will provide them with access to the resources which are not able to be reached or achieved. That's why many nations invest in English language Education with the objective to increase their involvement in the world economy and globalization.

With regard to intercultural competence, English helps to enhance intercultural communication between different cultures. As mentioned in the literature, cultural diversity is also a reason behind achieving the economic growth. However, on the contrary, other studies criticize English language and describe it as languages killer and harmful to cultural diversity.

According to the study of Lee (2012), English proficiency positively impact the economic growth of nations. However, he does not reach to clear evidence in the case of Latin and African nations. The justification behind that is owing to a lack of understanding English language's impact on the development. Therefore, decision makers and economists should formulate the most optimal policies and institutions, besides stability and certainty, by which knowledge can be accessible. As a result, Economics of language ,which appear in 1960, play important role as discipline of economics in formulating the policy which is necessary for protecting the linguistic environment and to invest in English language in a way that does not harm the cultural identity as well as linguistic minorities in every particular economy.

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