

Economic Aspects of Language Inequality



Áron Lukács

Consultant: Dr. Gergely Kovács

College for Modern Business Studies

Tatabánya, Hungary

April 2007

Contents

Executive Summary	3
Introduction	4
I. Costs of learning languages	6
1. Direct costs of learning languages.....	6
2. Opportunity costs of learning languages	9
II. Costs of lost information due to language difficulties	11
III. Additional costs of the society and economy	12
IV. Disadvantages of those who do not speak the language of the specific communication as their first language	14
V. Competitive edge of the United Kingdom in the European Union in consequence of the linguistic inequality	16
1. Direct costs of learning languages.....	19
2. Opportunity costs of learning languages	19
3. Costs resulting from other factors	19
4. Summary.....	19
VI. Suggestion for the problem's mitigation	21
Sources	22

Executive Summary

The activities of the Member States and the European Union are to be “conducted in accordance with the principle of an open market economy with free competition” (Article 4 of the Treaty Establishing the European Community, Consolidated Version). This paper investigates how this fundamental principle of the European Union is implemented in practice in the field of language use.

The conclusion of this paper is that the present situation of the use of languages in the European Union seriously distorts the market and greatly hinders free competition. In the short run it gives advantages to the citizens and companies of some countries, but puts at a disadvantage the citizens and companies in most Member States in the EU. In the long run it is an obstacle also to more efficient economic development of the EU as a whole.

The learning of languages in the EU costs about EUR 60 billion each year. This does not include the cost of travel and stay in other countries for the purpose of language learning. Only for people going to the UK this sum equals to about EUR 13 billion yearly. However if we consider also how much time is spent by the learning of languages and monetize this time (on the basis of the average labour cost in the EU), we come to the amount of about EUR 210 billion yearly.

The cost of translation and interpretation are much less, but not negligible: about EUR 6 billion yearly. However there are much more important factors, too, but these are quite difficult to quantify. These include factors like the loss of information due to language problems and the disadvantages to certain participants in international economic and other cooperation. According to a rough estimation the cost of these factors might amount to at least EUR 70 billion in the EU yearly.

In this way we arrive at a total sum of around 350 billion EUR yearly, which equals to more than 3% of the European Union’s GDP (in 2005 figures).

Nevertheless, the biggest problem is probably not in the amount, but in the distribution of this sum. It is mainly the UK which reaps the benefits of this situation, and most of the other countries are losing money. According to the estimations in this paper the citizens of other Member States of the EU are paying about EUR 900 per capita yearly to the UK in this hidden way. As this process has been going on already for many years, the sum is accumulating. Supposing a period of 20 years and an interest rate of 10%, this would amount to about EUR 55,000 per person.

Introduction

In my paper, I examine how much the present language situation in the European Union suits the capitalist economic principles, and the requirements of fair market competition.

The Treaty Establishing the European Community (henceforward: the Treaty) states the following (1):

„Article 4.

1. For the purposes set out in Article 2, the activities of the Member States and the Community shall include, as provided in this Treaty and in accordance with the timetable set out therein, the adoption of an economic policy which is based on the close coordination of Member States' economic policies, on the internal market and on the definition of common objectives, and conducted **in accordance with the principle of an open market economy with free competition.**” (emphasis by the author)

The Treaty additionally details what obligations fall on the Member States to achieve „an open market economy with free competition”. The point of these regulations is that the Member States can't take actions to distort market competition, or guarantee unfair competitive advantage for sectors of the economy, enterprises, or for the whole of certain Member States.

In connection with this, it is worthwhile to make a short note about the meaning of competitiveness of countries. Although some authors assert that competitiveness can't be defined for a whole country, but only for enterprises or groups of enterprises, I disagree – like many other people. I think those who say each country has competitiveness are right. For example OECD defines it this way:

„The degree to which a country can, under free and fair market conditions, produce goods and services which meet the test of international markets, while simultaneously maintaining and expanding the real incomes of its people over the long term.” (2).

An other respectable international institution, the World Economic Forum in Switzerland, regularly publishes statistics showing each country's competitiveness. (3).

Regarding my paper, it is also an important factor that the Treaty Establishing the European Community lays special emphasis on mitigating differences between the economic developments of the Member States and the areas.

„Article 158.

In order to promote its overall harmonious development, the Community shall develop and pursue its actions leading to the strengthening of its economic and social cohesion. In particular, the Community shall aim at reducing disparities between the levels of development of the various regions and the backwardness of the least favoured regions or islands, including rural areas.”

According to the above it is necessary to examine how the language difficulties influence the competitiveness of each Member Country in the European Union, to what extent do they distort the market and benefit the economy of certain countries and/or derogate others. In case of an insignificant distortion caused by language difficulties it is not particularly necessary to pay attention to the effect on the situation. (However, the cultural and other elements might provide need for modification, but this is not a subject of the present paper.) Nevertheless if the language difficulties significantly distort the market competition, then – in the sense of the Treaty – immediate actions are needed.



I. Costs of learning language

Learning languages has many costs, which can be divided in two big groups:

1. Direct costs of studying languages
2. Opportunity costs of studying languages

1. Direct costs of studying languages

In this chapter I will analyse the costs of the state and the individual per year of learning foreign languages in Hungary and in the European Union.

Different studies prove that a person with average capabilities needs 2000 hours to master his or her first foreign language to a degree that can be used in a serious conversation or even applied relatively well in professions. However, this knowledge is not even close to the degree of the knowledge of a native language, therefore this kind of knowledge is less competitive. This will be more profoundly discussed later in the part titled “Disadvantages of those who do not speak the language of a given communication as their first language”.

The above-mentioned duration makes exactly a workyear. Mastering a second language takes 20% less time generally, which makes it 1600 hours.

Direct personal costs of learning languages (buying books, notebooks etc.) exist in the case when the state finances the learning, but compared to other costs these are relatively low for an individual.

According to a study in Switzerland, teaching foreign languages makes up 10% of the whole cost of education. The study establishes that this ratio does not differ in other countries either, and regarding different methods of teaching language in different schools gives us a similar number (expenses varying between 5-15%). (4).

According to the database of the Hungarian Statistical Office, KSH(5), government expenses for public education were 1170 billion HUF in 2005. From the database of KSH, we also come to know the amount of money that an average person in Hungary spends from his or her own earnings for educational purposes. (6) In 2005, it was 5418 HUF per year. They paid it from their net income (i.e. after paying taxes). Consequently, in connection with this, we also have to consider the personal income tax and social security insurance contribution. These taxes and contributions average an amount equal to the net earnings. Since the education is mostly paid by persons of active age (pensioners pay relatively little), the 5418 HUF must be multiplied at least by 1.7 –a rough estimation, taking other factors also in

account. Therefore, in 2005, the average personal costs concerning education were 9210 HUF. Considering 10 million residents, we can conclude that people spent 100 billion HUF for education directly. Thus all the money spent on education totaled 1300 billion HUF in 2005. Ten percent of that is 130 billion HUF. (By the way, in personal costs for education language learning obviously has a much bigger share than in government expenses, but considering that the personal costs are relatively small in proportion to the total costs, here we also use the figure of 10% for the sake of simplification.)

In 2005, the GDP was 22000 billion HUF. The 130 billion HUF is 0.6% of that!

In Table 1 on the next page I introduce the proportions and amount of public educational expenses in the European Union. Concerning countries of the Community, we have the following figures about the costs of education in 2003 (the last column is my own calculation) (7).

Table 1.: Government expenses for education and expenses for language education

	Government expenses for education (billion Euro purchasing power parity)	Government expenses for education (in percentage of GDP %)	Personal expenses for education (in percentage of GDP %)	Expenses of language education (billion Euro purchasing power parity)
EU-25	515.6	4.9	0.6	57.873
EU-15	470.5	4.9	0.6	52.811
Euro area	364.1	4.8	0.6	40.961
Belgium	16.1	5.8	0.4	1.721
Czech Republic	6.8	4.3	0.4	0.743
Denmark	11.7	6.7	0.3	1.222
Germany	91.5	4.4	0.9	11.022
Estonia	0.8	5.3	:	0.080
Greece	8.2	3.9	0.2	0.862
Spain	38.2	4.2	0.5	4.275
France	88.5	5.7	0.6	9.782
Ireland	5.1	4.1	0.3	0.547
Italy	64.1	4.5	0.4	6.980
Cyprus	0.9	6.5	1.4	0.109
Latvia	1.1	4.9	0.8	0.128
Lithuania	1.8	4.8	0.5	0.199
Luxembourg	0.9	4.0	:	0.090
Hungary	7.8	5.5	0.6	0.865
Malta	0.3	4.4	1.4	0.040
The Netherlands	22.3	4.5	0.5	2.478
Austria	11.7	5.2	0.3	1.238
Poland	21.9	5.6	0.7	2.464
Portugal	9.3	5.5	0.1	0.947
Slovenia	2.0	5.4	0.9	0.233
Slovakia	2.6	4.3	0.5	0.290
Finland	8.2	6.0	0.1	0.834
Sweden	16.8	6.6	0.2	1.731
United Kingdom	77.8	5.1	1.0	9.305

Source: Supplement to the 2002 GFS Yearbook

The gross domestic product (GDP) of the European Union (EU25) was 10 817 billion Euros in 2005 (8), which means that in that year the Member Countries in the Community paid 60 billion Euros for learning languages.

Nonetheless, this is far from being the biggest expense! The opportunity costs are much bigger. However, before showing that, I will mention some other elements of direct costs below.

Firstly, the numbers above do not contain the costs for travelling to the certain linguistic area to learn a foreign language (travel expenses, accommodation cost, etc.).

According to data of the United Kingdom concerning language learning, we can conclude the following:

- Every year 800 million books are published in connection with English language learning.
- Every year 700 thousand people go to England to learn language there.
- In 2005, these people spent approximately 2.6 billion Euros in the UK directly. However, according to Phillipson (9, United Kingdom had a 13 billion Euro income thanks to the learning of English. According to Grin (10), in 2004, this was 15 billion, which with interest equals 17.4 billion Euros. The two numbers above show a big difference but it is possible since the multiplier effect may come into force, which is also observable for example at infrastructural investments.

Summarizing the calculations above, all the direct costs of learning language in the European Union exceeds 70 million Euros by rough estimation.

We will now proceed to the opportunity costs of learning languages, taking note of the proportion of those compared to the above-mentioned.

2. Opportunity costs of learning languages

The opportunity costs of learning languages contain those activities or potential achievements, which could be done or achieved during the “wasted” time.

Considering the one year labour-time, we can say that those who study a foreign language, start working one year later than those who do not, which not only means loss of revenue to them, but also decreases the performance of the national economy, including many enterprises, moreover it means a one year gap in tax revenues for the state. Thus the society has to “support” each generation one year further. (Naturally, knowing languages also has

advantages for the revenues, but these are not relevant regarding the subject matter of my paper.)

Calculating with the average net salary (according to the database of KSH, 104 000 HUF in 2005) the gap meant $12 \times 104\,000$, thus 1 248 000 loss in the whole year for each wage earner. Additionally, there are the taxes and social security contributions resulting from the salary, which means loss to the public finance. This is approximately the same money for each person as the net salary. The database of KSH also shows that in 2005, the number of the employees was 4.2 million. Consequently, the whole wage bill including taxes and contributions was $1\,248\,000 \times 4\,200\,000$, thus 5 242 billion HUF (for the whole national economy). Presuming a general 40 year long employment, the loss is a 1/40 part of it, thus 131 billion HUF (because each year there are 1/40 parts divided equally and we are calculating the costs for one year). This also makes 0.6% of the GDP.

According to the database of Eurostat, in the EU25 the average cost of labour was 21.2 Euro per hour in 2005. The proportion of the employed was 63.8% (regarding residents between the ages of 15 and 64, which is 67.2 percent, thus 308.8 million people from the whole population of the EU25, which is 459.5 million). This means that the total number of employed was 198 million. Multiplied by the above calculated costs of labour, reckoning with 2000 working hours per year, it makes $21.2 \times 2000 \times 198\,000\,000$, thus 8395 billion Euros. Divided by 40, we get 210 billion Euros, so this is the yearly opportunity cost caused by language learning. That is three times more than the direct costs of learning languages!

I have to remark that the above numbers relate to learning just one foreign language. Naturally, in the case of several foreign languages, the expenses are much bigger. On the other hand, it is possible that some people do not learn foreign languages at all, so the costs are less than what I concluded. In my opinion, though, in the present-day world it is essential to learn foreign languages and sooner or later everyone will be obliged to do it.

I also have to point out, that these problems (just like costs) concern those people primarily, who do not have English as their mother tongue. Native English speaking people possess great advantages on this territory, of which I will speak later thoroughly.

II. Costs of lost information due to language difficulties

Losing information is one of the significant problems and it occurs in different ways. This means disadvantages mainly for people who do not communicate in English.

Interpretation is one of the significant factors during which a significant part of the information is lost. That also applies to places where experienced, well trained conference interpreters are employed, for example in the institutions of the European Union in Brussels. As an example I can mention the meetings of the European Council which are the consultation and decision-making forums of the heads of state or government of the Member States, where every country's representative speaks in his or her native language. Even during meetings of expert work-groups, the participants speak in their own language on many occasions. In these cases, English speaking people have a huge advantage for two reasons:

On the one hand, since practically every participant understands English, they can comprehend the representatives of the United Kingdom without interpretation, while they can understand anyone else only by interpretation. Consequently the British are enjoying an exceptional advantage during debates and more easily carry their point through, since the practical experiences show that the non-UK participants' speeches are often incomprehensible by others. On many occasions the experts are chasing the non-English speaker experts to come to know what a person (for example the head of the certain country) actually talked about.

An additional problem is that at the institutions of the EU it is impossible to directly interpret every language to every other language because of the numerous languages. In the case of 25 languages, 25×24 , thus 600 different kinds of interpretations are needed. Besides, there is a rule that in the institutions of the Union an interpreter body has the right only to interpret solely to their own native language. Nonetheless it is impossible to employ that many interpreters, and interpretation of this quantity makes it very hard to find suitable experts, since in this case during every meeting of the Council (thus the meeting of prime ministers, finance ministers, ministers of transport, etc.) they would need to provide conference interpreters for example to translate from Lithuanian, Latvian, Estonian, Portuguese and other languages of the Union to Hungarian, speaking the latter as their mother language.

To avoid this huge problem the speeches are first interpreted to an intermediary language – almost always to English – and then they translate from this intermediary language to the other languages. The double interpretation leads to repeated loss of information. (Numerous practical experience proves that there are daily instances of incidents during interpretations like in the humorous writing of Frigyes Karinthy, the well known Hungarian writer and poet. In his writing titled *Műfordítás* [“Translation of a Poem”] he translated a poem several times from Hungarian to German and back. At the end the meaning of the whole poem changed completely.)

In the practice of the institutions of the European Union, not writing in English (or perhaps in French) means serious costs to the individuals, companies and other institutions turning to these institutions. Theoretically, it is permitted in the institutions of the Union to write in the official language of any Member Country. In practice, however, if someone writes in a language other than English or perhaps French, then even if the officials in charge of the subject get the letter it is no use because they can't read it. Since the official translation of such a letter takes a lot of time, the administrator will usually look for a colleague at first to get an outlined, rough translation of the writing. On one hand, this hinders everyone at their work – this is one of the reasons they do not like this sort of letter at all – on the other hand, on the occasions of these “quick translations” serious information loss happens again. A further disadvantage is that the sender of the writing gets his answer much delayed.

Loss of information does not occur in this area alone. Enterprises, research institutes, communication between individuals, flow of information at all levels are impeded greatly by using different languages. This happens in very different ways: for example they fail to send the suitable information to the foreign partner in time, during a conference the participants who do not have a knowledge of the given language are at a disadvantage, for them it is hard to comprehend the international or industrial branch's standards which can be found in English mostly. This makes up a significant amount regarding a country's national economy.

III. Additional costs of society and economy

In most of the countries the different institutions and enterprises spend a significant amount of money to be capable of communicating in foreign languages (mainly in English).

They have their publications, prospectuses translated into English, printing them at significant cost input. On their websites, information is given in foreign languages also, generally in English (occasionally the most important information only, but on numerous occasions they practically double their websites). It also takes a lot of money to acquire and maintain negotiators speaking foreign languages as well.

The amount of money spent on interpretation and translation is estimated at about 5 billion Euro in the EU-15 (11).

Following the EU-enlargement in 2004, the population increased by 19.3%, but the national income of the new Member Countries is about 50% of the old member countries', and relying on this, we have to reckon with the market increasing by 10%. Thus, in the EU25, the amount of money spent on translation and interpretation was 5.5 billion Euro in 2004. (12).

In the case of equal distribution, every country would share the costs of the language communication according the ratio of its population in the European Union. In Fig 1 I show this ratio between the United Kingdom and the other member countries. In Fig. 2 it can be observed that concerning language communication it is far from being the same, since according to the European Commission, the English language makes up 50% of it!

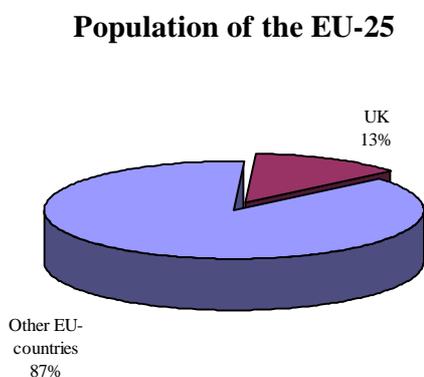


Fig. 1

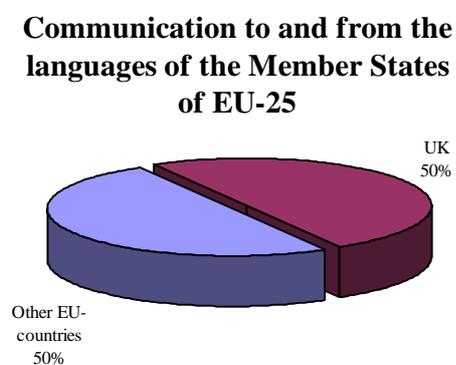


Fig. 2

Ergo, based on the distribution of the population, the communication to English or from English should make up 13% of all the costs, which would mean 0.72 billion Euros. However, this cost is currently 2.76 billion Euro, which is almost quadruple the former! So the Member Countries pay approximately 2 billion Euros extra to communicate through the English language.

The linguistic monopoly gives additional advantages to those who speak a certain language. Speakers of the dominant language also have advantages while marketing certain services (like teaching of the given language, interpretation, translation, revising or publishing texts in that language, providing and transporting abroad educational materials). If we look at the materials or websites in the United Kingdom, we can hardly find any in foreign languages, while in other countries every important company or institution has an English version of their website.

IV. Disadvantages of those who do not speak the language of a given communication as their first language

The disadvantages of those who do not speak a certain language as their first language are very variable and can hardly be estimated because of their multiplier effect. Even if someone is more experienced in the profession, the lack of communication on the level of a native speaker can lead to serious fallback.

A Hungarian holder of a Scholarship of the Republic who spent half a year abroad, and graduated in Economics with distinction – partly a student in higher education, partly doing professional practice – told me an instructive story in this way:

„Discussion, debate, harmonization: here in Hungary, if we speak with native English speaking people, then we adapt ourselves to them. Here in our company, for example, there is one single English colleague who doesn't speak Hungarian, and therefore everyone speaks in English. If we talk about anything, we do it in English. Take any reasoning, his arguments are much better stated, much better supported than ours with English as a learnt language. If we could be reasoning in Hungarian, the results would differ in many cases!”

According to him there are additional unreasonable privileges obtained, only because the individual's native language is English:

“We have presentations here with some English audio from which we can pick up information about branches of industries, products, and so on. Everyone had to take an examination from this with no exception! Everyone but him, because it is his mother tongue. He often doesn't know things and then he is asking us. Why is it that he doesn't have to take the examination? The presentations are in the English language anyway...”

This is obviously not a unique situation regarding companies.

Another part of the story describes the employees who speak less efficiently:

“During a meeting for example, if someone doesn’t speak well in English then that person doesn’t dare to talk, but if the conversation were in Hungarian this person would probably speak. Of course it can’t happen that he is the only one speaking in Hungarian.”

It also pertains to the above-mentioned, that the native English speaking employee’s salary is higher so that it is worthwhile for to them to work there, however it happens that they do less work and have less enthusiasm than the Hungarian employees.

Also the gap work year must be mentioned which is spent with learning languages because while the individual learns the foreign language, native English speakers – British or Irish, regarding Europe – can spend this time to improve him/herself in the profession or in other areas, thus getting unfair competitive advantage over the others.

V. Competitive edge of the United Kingdom in the European Union in consequence of the linguistic inequality

It's well known that the dominance of the English language is really very high in the international relations within the European Union. In the other Member Countries, the rate of teaching English as a foreign language is rising, and as the Table 2 shows, the number of English speakers in the younger age-groups is increasing (the figures of the table are in percentage).

Table 2: The knowledge of English language in EU member countries by age-groups in 2000

Country	Age						
	15-25	26-44	45-64	65+	The highest divergence of the examined age-group	The difference between 15-25 year old and 26-44 year old age-group	The entire country
Germany (western)	54.8	40.4	32.3	13.8	41.0	14.4	34.6
Germany (eastern)	47.7	22.5	10.9	4.0	43.7	25.2	18.6
Austria	50.9	33.6	18.6	10.2	40.7	17.3	29.4
Belgium	49.5	33.8	24.7	8.7	40.8	15.7	29.5
Denmark	74.4	66.2	50.2	31.3	43.1	8.2	56.1
Spain	29.8	18.7	6.0	1.3	28.5	11.1	15.3
Finland	59.6	47.4	21.3	6.2	53.4	12.2	36.9
France	42.0	28.7	15.2	5.4	36.6	13.3	24.4
Greece	67.3	36.9	12.0	4.9	62.4	30.4	29.4
Italy	45.3	26.9	7.8	2.3	43.0	18.4	21.5
Luxembourg	46.2	43.5	36.0	32.5	13.7	2.7	40.3
The Netherlands	76.0	73.2	53.0	38.1	37.9	2.8	63.7
Portugal	42.6	24.9	9.7	2.3	40.3	17.7	21.3
Sweden	93.1	86.9	72.5	55.1	38.0	6.2	78.3
EU-15 *	40.2	30.3	18.5	8.5	31.7	9.9	24.6

* Also including the United Kingdom and Ireland

Source: Eurobarometer

3. table: The three most frequently used foreign languages in the member and candidate countries of the European Union in 2005. (source: Eurobarometer)

Belgium		Czech Republic		Denmark	
English	52%	German	31%	English	83%
French	44%	English	24%	German	54%
German	25%	Russian	19%	Swedish	19%
Germany		Estonia		Greece	
English	51%	Russian	62%	English	44%
French	12%	English	41%	French/German	8%
German	7%	Finn/German	18%	Italian	3%
Spain		France		Ireland	
English	20%	English	34%	Irish/Celtic	21%
Spanish	9%	Spanish	10%	French	19%
French	8%	German	7%	English	6%
Italy		Cyprus		Latvia	
English	29%	English	71%	Russian	67%
French	11%	French	11%	English	34%
German/Spanish	4%	German/Italian	3%	Latvian	24%
Lithuania		Luxembourg		Hungary	
Russian	79%	French	90%	German/English	16%
English	26%	German	84%	Russian/Other	2%
Polish	17%	English	66%	Several languages	1%
Malta		The Netherlands		Austria	
English	89%	English	87%	English	53%
Italian	60%	German	66%	French	11%
French	17%	French	24%	Italian/Other	8%
Poland		Portugal		Slovenia	
English	25%	English	26%	Croatian	61%
Russian	24%	French	20%	English	56%
German	19%	Spanish	10%	German	45%
Slovakia		Finland		Sweden	
Czech	31%	English	60%	English	85%
German	28%	Swedish	38%	German	28%
Russian	25%	German	17%	French/Norwegian	10%
United Kingdom					
French	14%				
English	7%				
German	6%				
Bulgaria		Croatia		Romania	
Russian	21%	English	43%	English	26%
English	15%	German	33%	French	17%
Bulgarian	11%	Italian	12%	Other	5%
Turkey		Turkey Cyprus Community			
English	18%	English	43%		
Turkish	6%	Greek	19%		
German	4%	German	5%		

According to Table 3, English is the most known foreign language in the countries of EU: with it's 34% rate, it overtakes by far the German (12%) and the French languages (11%). Moreover this dominance increases year by year (13).

Fig. 3 shows that the smallest number of people who speak any foreign language is in the United Kingdom, Hungary and Turkey out of the actual member and candidate countries of the EU. This also proves that the United Kingdom doesn't pay much money for language education, and the UK citizens don't really need to learn foreign languages. It seems, that in the present situation they expect from every member country to understand their language, namely English.

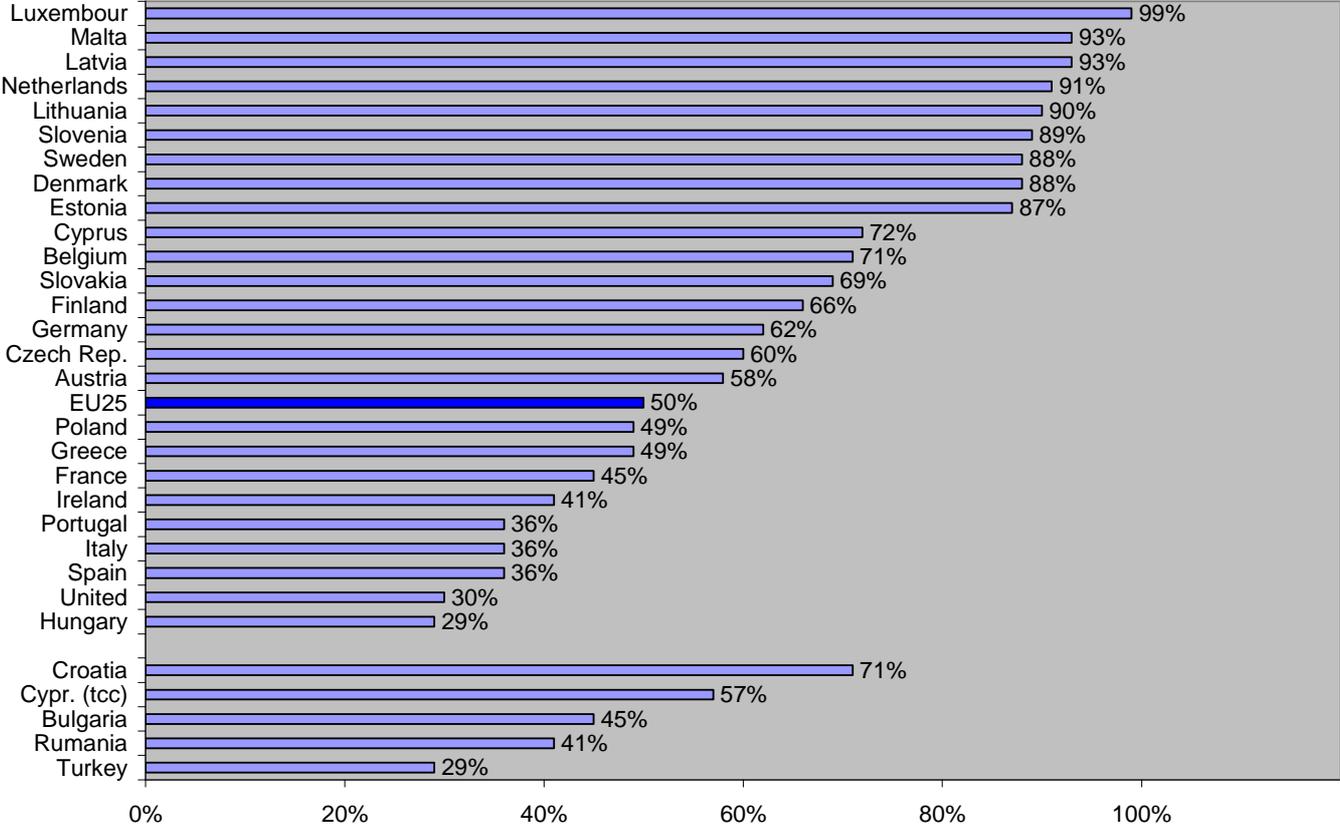


Fig. 3: Rate of foreign language speakers in member and candidate countries of EU in 2005
(source: Eurobarometer)

Because of the reasons above, I examine and summarize what kind of competitive edge the United Kingdom enjoys and what kinds of disadvantages the other member countries suffer due to the dominance of the English language in the EU.

1. Direct costs of learning languages

The direct expenses of learning languages might be around 70 billion Euros a year in the European Union. This also includes the United Kingdom's expenses.

However, the United Kingdom is the country where foreign languages are not taught generally. Only 3% of schools are teaching foreign languages in every level to all students, 20-30 minutes per week. According to a survey, no more than three schools were found where they spent more than 50 minutes per week for language education. Here the expenses per head were 36 Euros by approximate estimates (14). For instance, in comparison with France, they save 100 euros per head in the United Kingdom by the reduced language education. This means 6 billion Euros per year. In the aggregate, the expenses of the United Kingdom are 2.165 billion Euros, while it's 8.235 billion in France. If we assume similar rates in the case of other member countries, then we can draw the inference that the expenses of language education in the United Kingdom are minimal compared to the total expenses of other countries. So with these rates the drawback of other member countries is 70 billion euros per year due to language education.

2. Opportunity costs of learning language

In the countries of EU25 the opportunity costs of learning languages cost 210 billion Euros. We should subtract the expenses of the United Kingdom which are not so significant because of the reasons mentioned above.

3. Costs resulting from other factors

Here I group the phenomena which I have described in sections II-IV (expenses due to information loss resulting from language problems, other extra costs of social and economic life, the drawbacks of people who don't speak the given language at a really high level). It's extraordinarily hard to define numerically the drawbacks that come from the extra costs resultant from these „other factors”. Presumably, the macroeconomical data cannot be used for this, but we can apply the „bottom-up” method, inspecting how much extra cost comes forward at certain companies and establishments, and from this information we should conclude the expenses for the national economy. However, the time and financial limits for preparing this paper are far from being sufficient. It is quite likely though, that all these

exceed the costs of learning languages, therefore I also calculate 70 billion Euros regarding this factor.

4. Summary

Summarizing the 3 big factors above, the outcome is $70+210+70=350$ billion Euro. Thus the United Kingdom has this much advantage over the other member countries of the Union every year. This amount of money is 3.2% of the European Union's GDP (which was 10,817 billion Euros in 2005) This is a huge amount which actually influences competitiveness significantly, so the European Union and its Member States should take the matter seriously.

The population of the European Union in 2005 was 460 million, and the population of the United Kingdom was 60 million. So we calculate with 400 million people, excluding the population of the United Kingdom. If we divide the 350 billion Euros with the 400 million people, we get 875 Euros per head. So the United Kingdom „owes” the people of the other member countries this sum of money.

It should be stressed, however, that the situation described above stands not only for one year, but has been going on for a long time. Therefore the costs of the unfair competition are accumulating. This means further multiple disadvantages due to the interest rate on the income deficiency and also considering the gap years occurring repeatedly through generations, let alone the cumulative shortage of public revenues.

(Ireland is presumably also among the beneficiaries. Nonetheless I would see it inequitable to regard Ireland and the United Kingdom equally in this matter since Ireland was conquered and oppressed by England, and the English language was forced on them. However, the Irish language still lives and is widely used, and also it would be very important to keep and support the Irish culture and traditions!)

In the calculations above I did not take into consideration that the discussed unfair competition is not only between the United Kingdom and the other Member States but also globally existent, and it's primary beneficiary is the United States of America, also being mostly responsible for the situation. Nonetheless, this should be the topic of another study, since I try to estimate only the scale of the distortion in the competition caused by language inequality in the European Union alone.

VI. Suggestion for the problem's mitigation

As in all cases of social problems, the first step is to raise the public and the decision-makers' awareness of the situation to possess the necessary information and to be able to advisedly take actions against the problem which has been hitherto carelessly neglected.

On the other hand, the European Commission must examine the possibilities which could expiate the problem and thereafter make decisions regarding this situation as quickly as possibly, since, according to the Treaty Establishing the European Community, it is the duty of the European Commission to oversee keeping to the principles of the Treaty.

„Article 211.

In order to ensure the proper functioning and development of the common market, the Commission shall:

- ensure that the provisions of this Treaty and the measures taken by the institutions pursuant thereto are applied,
- formulate recommendations or deliver opinions on matters dealt with in this Treaty, if it expressly so provides or if the Commission considers it necessary,
- have its own power of decision and participate in the shaping of measures taken by the Council and by the European Parliament in the manner provided for in this Treaty,
- exercise the powers conferred on it by the Council for the implementation of the rules laid down by the latter.”

Acknowledging the principles above, the question occurs to me of when and how the European Commission is going to force the United Kingdom to pay us the amount of money which arose from the above specified unfair competitive advantage?



Sources:

1. **Treaty Establishing the European Community.** Primary right of the European Union – text of contracts and related documents of the European Union’s basis. (version that is operative after the merging and written into organic frame). Igazságügyi Minisztérium, Európai Közösségi Jogi Főosztály, 2004. [http://www.im.hu/download/eusz-eksz_eaksz_hu_04-05-01.pdf](http://www.im.hu/download/eusz-eksz_eaksz_hu_04-05-01.pdf/eusz-eksz_eaksz_hu_04-05-01.pdf)
2. Flexibility and Competitiveness: Labour Market Flexibility, Innovation and Organisational Performance (Flex-Com) Final Report Participants: Project is funded by the European Commission DG Research in the framework of Contract HPSE-CT-2001-0009 <http://ec.europa.eu/research/social-sciences/pdf/finalreport/98-3068-final-report.pdf>
3. **Global Competitiveness Report.** World Economic Forum. <http://www.weforum.org/en/initiatives/gcp/Global%20Competitiveness%20Report/index.htm>
4. Professor François GRIN, **L’enseignement des langues étrangères comme politique publique.** Rapport établi à la demande du Haut Conseil de l’évaluation de l’école, Septembre 2005
5. **Magyar Statisztikai Évkönyv 2005** (Statistical Yearbook of Hungary), KSH, Budapest, 2006
6. **Háztartásstatisztikai Évkönyv 2005** (Yearbook of Household Stat.), KSH, Budapest, 2006
7. **Supplement to the 2002 GFS Yearbook**, IMF
8. **Europe in figures.** Eurostat yearbook 2006-07
9. Phillipson, Robert, 2003: **English-Only Europe?** London: Routledge.
10. Professor François GRIN, **L’enseignement des langues étrangères comme politique publique.**
11. ASSIM, 2000 : **Évaluation de l’incidence économique et sociale du multilinguisme en Europe.** Rapport final—Phase 3, Actualisation quantitative.
12. Professor François GRIN, **L’enseignement des langues étrangères comme politique publique.** Rapport établi à la demande du Haut Conseil de l’évaluation de l’école, Septembre 2005 – data calculated on the basis of ASSIM
13. **Europeans and Languages.** Eurobarometer 2005. http://ec.europa.eu/public_opinion/archives/ebs/ebs_237.en.pdf
14. Professor François GRIN, **L’enseignement des langues étrangères comme politique publique.**

Acknowledgements

Beside my consultant, I also have to express my thanks Dr. Antalóczy Katalin for her useful comments on the draft of my paper.

I would like to thank also Cindy McKee (USA), Marco Trevisan Herraz (Italy) and Fabien Tschudy (France) for correcting the English translation.

The paper and contact is available at <http://www.ekolingvo.com>.

English translation by Gáspár Lukács