

Economic effects of differences in dialect

Dialects show regional cultural variation, making the idea of standardized national labor markets misleading

Keywords: dialects, cultural differences, regional migration

ELEVATOR PITCH

Countries are not perfectly integrated market areas. Even if institutional differences are much smaller within countries than between them, there are persistent local cultural differences. These differences act as barriers that reduce economic exchange: bilateral migration, trade, and knowledge diffusion flows are smaller, and individuals discriminate against unfamiliar dialects. They also act as natural limits to the degree of integration of a labor market, and they cannot (and perhaps should not) be easily affected by policy. Local dialects, shaped over centuries, provide a unique opportunity to measure these barriers.

KEY FINDINGS

Pros

- + Speech patterns have been shaped over centuries.
- + Dialects provide a rich portrayal of local cultural diversity and history.
- + Dialect similarity fosters migration, trade, and knowledge flows, and people prefer to reside in, and interact with people from, linguistically familiar environments.
- + Dialects, as measured by linguistic microdata, provide a unique opportunity to measure the effects of cultural differences on internal migration and economic outcomes.
- + Linguistic differences slowly erode, but not the underlying cultural barriers; these remain visible in dialect differences, which are no longer actual communication barriers.

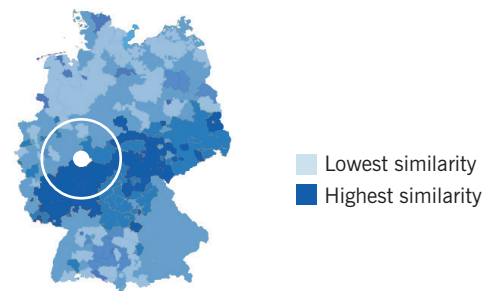
Cons

- Cultural barriers (measured via differences in dialect) reduce economic exchange across regions.
- Cultural barriers limit the possibility for perfectly integrated national labor markets.
- It is not clear if policymakers should aim for a reduction of cultural barriers, nor is it clear that they have any instruments to do so.
- Dialect data are scarce and high-quality data are available only for a few countries.

AUTHOR'S MAIN MESSAGE

Recent research based on linguistic microdata shows the significance of historical dialect (i.e. cultural) differences for contemporary economic outcomes. These differences clearly have an impact on the integration of national labor markets, though this does not mean that they reduce overall welfare. As dialect and cultural patterns have been shaped over centuries, they are difficult to reverse. Moreover, there is nothing definitive in the existing literature to suggest that policymakers should strive to erase these regional differences, which seem to offer significant, if hard to measure, value to many individuals.

Dialects differ substantially across regions in Germany



Note: Dialect similarity of all districts is shown in reference to the city of Marburg.

Source: [1].