

Seminar

**“Now We’re Talking: Quantifying the Effect
of Languages on Trade”**

(in English)



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Date: 29 November 2017 (Wednesday)

Time: 3:30pm – 5:00pm

Venue: WYL314, Dorothy Y. L. Wong Building

Abstract: Economic transactions necessitate that buyer and seller communicate. While common spoken languages have been widely recognized as a determinant of bilateral trade, the mechanisms at play are largely lacking micro-foundations. In this paper we explicitly incorporate languages in a model of trade between locations with heterogeneous consumers and heterogeneous firms that yields a structural gravity equation. Deriving the local distribution of languages from a sample of 1.5 billion geolocated tweets, we use the model to quantify the general equilibrium effects of changes in the local distributions of spoken languages. For one such experiment, a common European language, we find welfare gains for all locations in Europe, with significant heterogeneity in magnitude between locations. While for another experiment, the elimination of within-country language diversity in Europe, the model predicts significant welfare losses across all locations in Europe.

Biography: Julian Hinz is a Postdoctoral Researcher at the Kiel Institute for the World Economy. He holds a PhD in Economics from the Paris School of Economics and Université Paris 1 Panthéon-Sorbonne. He mainly studies International Trade, focusing on the interaction between trade and foreign policy, and trade costs.

All Are Welcome

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