

Comments on
Markets and linguistic diversity
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Summary

- Choice of language (C,S)
- Effect of preferences on outcome
- Ingredients
 - Intrinsic characteristic of the good (product differentiation – two varieties – horizontal differentiation)
 - Multilingual (and monolingual) consumers
 - Firms decide on the language and the price (or the good is free and they decide on advertising)

Results

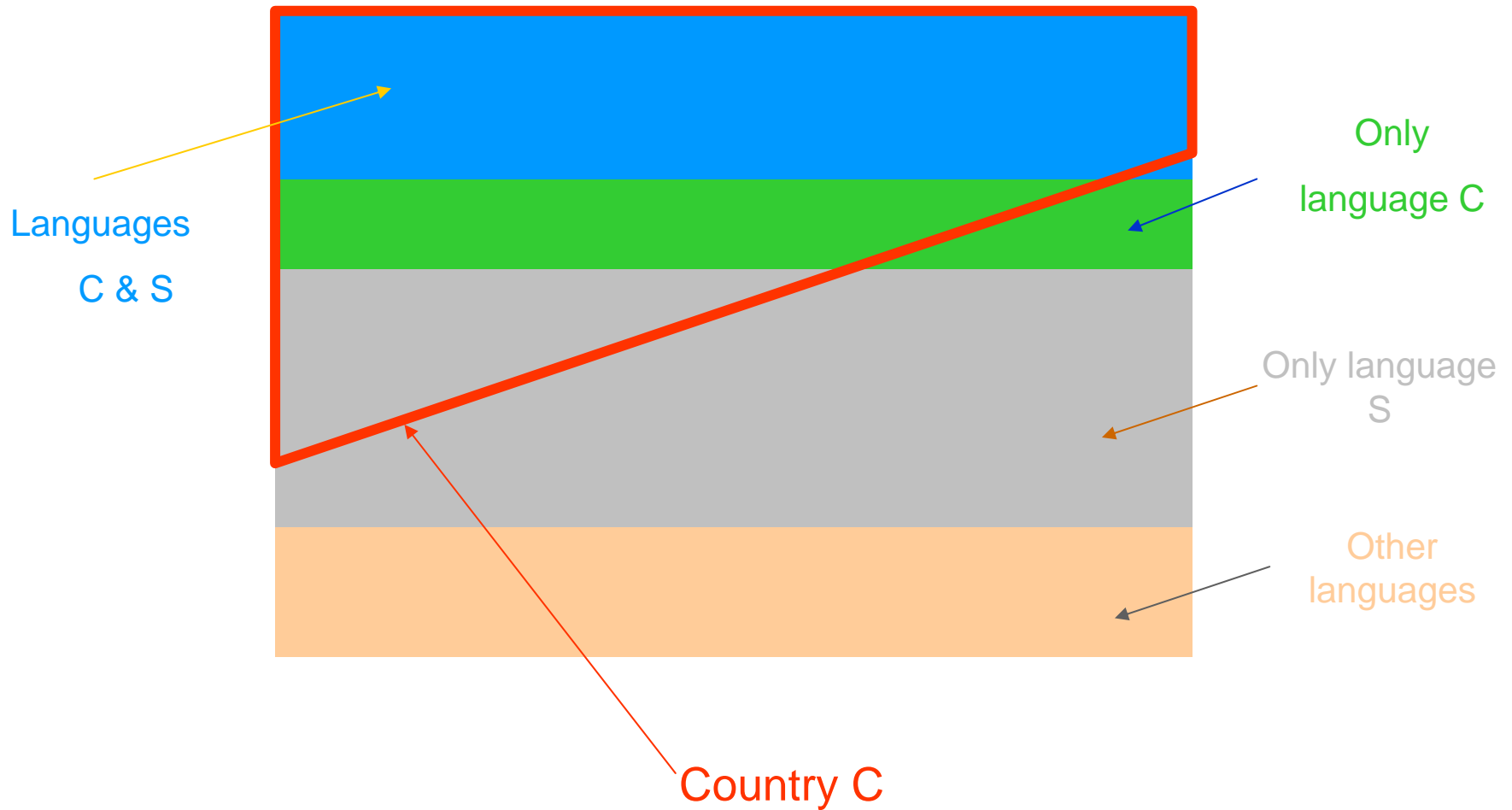
- With price discrimination, the equilibrium of the adoption model leads to less diversity than the first best.
- If it is possible to offer the two version (translation at a fixed cost) the equilibrium may lead to less or more linguistic diversity.
- Robust conclusions.

Questions on the design of the model

- A continuous of consumers having preferences for only two varieties and **a continuous of firms**. Why not a model with two dimensions (product variety and language) with two firms?
- Producers in the market have the **same market and the same costs**. Some products may come from the “rest of the world” (imports), some may come from a larger –may be more competitive- market, some have to be translated, others no.

(Static) picture

Population of
the world



- Choice of language (C,S) is different for
 - Cultural goods (they are produced spontaneously by someone in a certain language) - Books, films, songs
 - Media producers (the language is a decision of the media) - Newspapers, TV, radio
- Two different issues:
 - Translation (some times to any of the two languages, some times the original is in C or S)
 - Production in a certain language for a given market (local news are important)
- Cost of translation from/to C, S (because of the bilinguism in the country) may be smaller than from other languages

- For some goods, there are different degrees in translation (e.g., films):

- Translating
- Subtitling

If this “scale” is possible, is that good for language C? If the two are possible, which one is better for C?

- For some goods, it is possible to chose a mixed strategy
→ $x\%$ in one language $(1-x)\%$ in the other (in the case of newspapers, radio)
- Vertical differentiation (quality of the good for books, films, songs) depending on the pool of originals and who performs it (the language) → preferences for a certain type of product or for variety (vertical differentiation)