Transnationals in an English-speaking world

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Abstract: The dominance of the English language in the last half century has simplified globalisation and enabled more peoples to engage in transnational entrepreneurship than ever was possible in the past. Currently, transnational entrepreneurs need only English language competence to undertake the work of knitting together geographically and linguistically distant regions and countries. Although everywhere an elite skill, English language competence is now widespread in every region of the world. Therefore, linking two non-English-speaking countries now require s only one language, English. In the past, when middleman minorities undertook international trade, that same linkage required mastery of three language: the language of the exporter, the language of the middlemen and the language of the importer. English language dominance is a cultural resource that abets globalisation, but some evidence suggests a peculiar asymmetry arises when English-speaking countries export to non-English-speaking countries.

Keywords: entrepreneurs; transnational; middleman minority; English; language; ethnic economy; social capital; cultural capital.

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1 Transnationals in an English-speaking world

Diasporas once meant ethno-national communities scattered around the globe that nonetheless remained in continuous, long-term contact with one another as well as with their real or putative homeland [Armstrong, 1976; Cohen, (1997), p.185]. Their real or putative homeland constituted the hub of ethnic diasporas. The colonies scattered abroad represented the spokes. Thanks to their hub and spoke structure, diasporas linked distant continents such that ethnic minorities resident in any one place had strong social ties and cultural ties with co-ethnics in many others around the globe. Although commercially important ethnic diasporas were not numerous. Diasporas were uncommon because most immigrants just assimilated into their host societies within three generations. Assimilation means melting into the host population and merging into it. Included in assimilation thus defined is acquisition of the host society’s language and total loss of the foreign language prior immigrant generations had spoken. As a result, unless renewed by

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new migration, a diaspora’s spokes ceased to communicate with one another and with the hub within a century after an initial migration. The diaspora then died. For immigrants, the road to assimilation went from mono-linguism in a foreign language in the first generation to bi-linguism in the second and back to mono-linguism in a new language in the third and subsequent generations. In USA, Canada, Australia and New Zealand assimilation meant that, whatever their linguistic origins, an immigrant’s grandchildren would be English mono-linguals. Therefore, thanks to assimilation, international immigration routinely left no permanent ethnic colonies in place abroad as a permanent historical legacy. Assimilation did not promote international trade.

Because their inhabitants acculturated, but did not assimilate (Gordon, 1964), diasporas persisted as foreign enclaves in host societies, quite independent of continuing migration. Non-assimilation was their unique, abiding and essential characteristic. In the early twentieth century, diasporic communities attracted Max Weber’s attention because of their remarkable entrepreneurship (Weber, 1972: chapter 6C). Subsequent scholars agreed that diasporic communities displayed exceptional entrepreneurship, especially in international commerce (Cohen, 1971; Light et al., (1993), pp.38–43; Moallem, 1996; Laguerre, 1998). Entrepreneurial ethnic communities that operated from a diaspora earned the sobriquet ‘middleman minorities’ in the literature of social science (Bonacich, 1973; Kieval, 1997; Light and Gold, (2000), pp.6–8). Middleman minorities were non-assimilating ethnic minorities who inhabited a diaspora and who specialised in commercial roles. Middleman minorities were noteworthy for their abundant and persistent entrepreneurship everywhere they lived. Among the classic middleman minorities, the Jews of Europe, the Hausa of Nigeria, the Sikhs of East Africa, the Chinese of South East Asia, the Armenians of the Near East, the Gypsies of Eastern Europe and the Parsees of India were very prominent, but there were others as well. Eschewing agriculture, middleman minorities were especially common in retail trade and international commerce. Indeed, the term ‘middleman’ reflected this specialisation since the role of the middleman is to trade goods, not to manufacture or grow them.

The exceptional involvement of middleman minorities in international trade arose in part because of the ethno-religious oppression to which they were subjected (Bonacich, 1973), but also because of the unique ethnic resources they enjoyed. Exploited and oppressed by host societies, which, resenting their non-assimilation treated them as pariahs, middleman minorities turned to self-employment for self-defence amid a general shortage of alternative livelihoods. This defensive strategy increased their self-employment well beyond was common or normal in the host societies in which they dwelled. To this end, the middleman minorities had also evolved over centuries distinct ethnic resources that provided members with a comparative advantage in commerce. The classic middleman minorities were multi-lingual people who bestrove international social networks that connected the hub with the spokes of their diaspora. They also controlled and deployed superior business skills, which they passed to their children, who then recapitulated the business acumen of their parents. These three characteristics of the entire group created serious advantages in trade promotion for individual group members (Collins, (1998), Vol. 2, pp.398–399; Lever-Tracy et al., (1991), pp.xi, 113). First, multi-cultural people more easily notice the business opportunities that cultural frontiers generate than do mono-cultural isolates (Rauch and Watson, 2004). Second, members of middleman minorities had the international social capital that supports international business (Fukuyama, 1995; Moallem, (1996), p.12; Walton-Roberts and Hiebert, 1997; Wong, (1998), p.95). When they see a potential trading opportunity, they enjoyed the
connections abroad to accomplish it. Third, because they controlled superior business skills that they passed on through socialisation to younger generations, middleman minorities produced shrewd and effective business people in every generation. Taken together, these three characteristics (languages, networks, skills) supported and encouraged the entrepreneurship of group members and the result was persistently high rates of self-employment among the middleman minorities.

Trading diasporas shipped commodities around the diaspora to continents that were, in terms of travel time, much more distant from one another then than they are now and in historical epochs that did not have today’s business-support electronics. In each diaspora site, co-ethnic merchants sold imported goods to locals and purchased goods from them for export. The middleman minority’s specialisation in international trade was a product of a diaspora’s distinct advantages for this business. An international diaspora conferred two well-known advantages to international participants at every site. First, the ethno-linguistic homogeneity within diasporas supported the performance of the middleman minority’s international trade. For example, an Armenian merchant in Lima could order rugs from an Armenian merchant in Istanbul in the Armenian language, thus surmounting the language problem that Turks and Peruvians encountered when they traded. Speaking Spanish and Armenian, the Armenians in Lima sold at retail in Spanish; speaking Turkish and Armenian, Armenians in Istanbul purchased at wholesale in Turkish. To one another, Armenian merchants spoke fluent and colloquial Armenian. Thanks to the Armenian diaspora, Turks and Peruvians could trade without having to speak one another’s language.

Additionally, the social capital of diasporas permitted enforceable social trust among merchants, even over long distances (Pieterse, 2003). As a result, for example, Armenian merchants in Istanbul could ship rugs to Armenian merchants in Lima in confidence that invoices would be paid and that, if unpaid, Armenian community pressures could compel payment without recourse to litigation in Peruvian courts. By community pressure is meant here the social community in which the businesses were embedded and not simply the business community. Turks and Peruvians did not enjoy any comparable social capital across borders. If a Turk cheated a Peruvian, or vice-versa, no social community could mediate their quarrel or enforce a settlement. That made international trade extremely risky. In effect, Turks and Peruvians could not trade without the intercession of Armenians whose critical resources were their bi-lingualism and their international social capital.

Whatever initially caused its diaspora, such as myths of repatriation or national redemption, once locked into international trading, middleman minorities had real economic motives to retain their cultural and social ties with their homeland. After all, their livelihood depended upon their retaining the ability to speak the language of their ethnic homeland as well as their social capital there and in the diaspora. Assimilation attacked their livelihood. If mono-lingual in Spanish, a sign of assimilation into Peruvian society, an Armenian merchant in Lima could neither buy rugs in Istanbul through a co-ethnic intermediary nor feel confident that Armenian exporters there would offer him credit. If lacking Armenian social connections abroad, another sign of assimilation, an Armenian in Lima could no longer enjoy the advantages in international trade that the diaspora afforded members in good standing. Therefore, remaining ethnically Armenian was a prudent business policy, not just a sentimental attachment to an ancient culture and homeland. The point here is not to reduce international ethnic solidarity and ethnic identity to economic interest, but only to acknowledge the self-renewing support that
economic interest gave to ideologically motivated non-assimilation. The culture promoted the diaspora; the diaspora encouraged the businesses; and the businesses supported the culture.

2 Transnationalism

In an influential paper, Schiller et al. (1992) defined transnationalism as “processes by which immigrants build social fields that link together their country of origin and their country of settlement”. Immigrants who build such social fields they dub ‘transmigrants’. Transmigrants are resident in at least two societies between which they shuttle frequently enough to remain active participants in both, but fully encapsulated, mono-cultural participants in neither. Like middleman minorities, transmigrants acculturate to host societies, but they do not assimilate. Transmigrants are ‘strangers’ who, in his classic essay, Simmel (1921, p.323) credited with uncanny business acumen. Their cosmopolitan life style enables transmigrants to form bi-cultural colonies that lodge within mono-cultural host societies. In this respect, contemporary transmigrants resemble middleman minorities who also acculturated without assimilating. The single best and most accessible indicator of bi-cultural status is long-term maintenance of the transnationals’ complete fluency in the language of their homeland when coupled with complete fluency in the language of the host society. Linguistic fluency implies cultural fluency. Native speaker fluency in two or more languages distinguishes transnationals from routine immigrants, who lose their foreign language fluency within three generations.

Interest in the economics of transnationalism (Lever-Tracy and Ip, 1996; Lie, 1995; Chik, 2000; Honig and Drori, 2009) has returned innocently to many of the ideas that animated the older middleman minorities literature. First, transnationals have diasporas just like middleman minorities. However, because of transnationalism, it is argued, ethno-racial groups that were never middleman minorities in the past can now have diasporas. For example, Brazilians or Filipinos can have a diaspora such as was previously available only to middleman minorities like the Jews, Armenians, or Chinese [Gold, (1997), p.410]. In an era of globalisation, diasporas are logistically easier to maintain now than they were earlier and much more numerous around the world in consequence [Wong, 1997; Cohen, (1997), p. 176]. Therefore, transnational studies examine groups that are not historic middleman minorities, but which now have diasporas as well as, of course, classical middleman minorities. Middleman minorities continue to exist. Haitians, Dominicans, Turks, Koreans, Colombians and Filipinos are exemplary transnational groups, who have never been middleman minorities, but who maintain diasporas now. This novel combination of diaspora without a middleman minority’s history would not have occurred in the past when middleman minorities virtually overlapped with diasporan minorities. In effect, if contemporary theorists of transnationalism are correct, diasporas are no longer reserved to middleman minorities so many more people can live in diasporas now than previously did so.

Second, contemporary transnationals are bi-cultural just like classic middleman minorities. Argentine transnationals in Miami have lived also in Buenos Aires and they speak Spanish as well as English. As a result, transnationals enjoy some of the same advantages for international trade that middleman majorities enjoyed in the past. The spokes of the transnationals’ diaspora communicate with one another and with the
diaspora’s hub in the mother tongue while selling locally in the local vernacular. They can accomplish this feat because and to the extent that transnationals, like middleman minorities, retain their native-speaker fluency in the mother tongue over generations, e.g., they do not assimilate. This is the same advantage that Armenian merchants in Lima enjoyed when trading with Turkey long before the industrial revolution.

Third, like middleman minorities, contemporary transnationals have international social capital that provides access to enforceable trust. International social capital hugely simplifies international trade. Enjoying international social capital, a Haitian transnational residing in New York City can buy and sell goods from a co-ethnic in Port-au-Prince in confidence that invoices will be paid or, if unpaid, can be informally collected/negotiated without recourse to law. If Haitians simply assimilated, as do immigrants, that transnational merchant would lose the social networks that access Haitian business circles and underpin his or her creditworthiness. Because they shuttle frequently between Haiti and New York City, a lifestyle made possible by jet airplanes and because they receive and send satellite messages from and to Haiti, a facility made possible by satellite communication, Haitians in New York City can retain social capital in Haitian business circles for protracted, even indefinite periods, thus retaining the advantages in international trade that international social capital permits. Should they assimilate, they would lose those advantages.

Given these similarities to middleman minorities, it is unsurprising that transnationals also display high entrepreneurship, especially in international trade. White (2010, p.3; also Hatzigeorgiou, 2010) has assembled the ‘very large’ body of international evidence that shows that immigration increases the volume of international trade between a host society and the immigrants’ provenance. Immigrants are also more frequently self-employed than non-immigrants in North America (Light and Sanchez, 1987; Wadwha, 2007; Hohn, 2012). Portes et al. (2002; also Itzigsohn and Saucedo, 2002) studied self-employment rates among immigrant Dominicans, Colombians and Salvadorans in five US cities. None of these ethno-racial groups is or was a middleman minority. Defining transnational entrepreneurs as those who went abroad for business twice a year or more, the authors found that only 5% of each national-origin sample were transnational entrepreneurs, but 58% of the self-employed were transnationals.

“Transnational entrepreneurs represent a large proportion, often the majority, of the self-employed persons in immigrant communities” (2002, p.293). Better educated than co-ethnics, the transnational entrepreneurs also earned higher incomes than non-transnational co-ethnics. Transnationalism is even said to have affected middleman minorities. Ooka (2001) reports that ‘ethnic social capital’ did not increase the income of Chinese business owners in Toronto, but bridging social capital (connects to non-Chinese) did as did class resources. Ethnic social capital would have been more characteristic of middleman minorities so its ineffectiveness here suggests a new kind of international business among the Chinese. Wong and Ng (2002, p.509) also claim that Chinese transnational business represents a new form of Chinese business. Although still small business, like the Chinese business of the past, the new transnational Chinese small business supposedly has a different modus operandi. The Chinese transnational business owners have more business associates in Asia than non-transnational Chinese entrepreneurs; they are also more likely to made use of Chinese business contacts and more likely to target non-Chinese customers than are non-transnational Chinese entrepreneurs (p.552). This is the pleasant side of transnationalism. The international traffic in prohibited drugs, sex commerce and immigrant smuggling illustrates the
suitability of transnational business connections for illegal commerce as well as legal. If anything, the bi-lingualism and international social capital that confer success upon transnationals in legal industries are yet more essential in illegal industries than in legal industries because formal law provides no back-up security or redress for business disputes in illegal industries (Light, 2004).

Massey et al. (1993, p.446) observe that economic globalisation ‘creates cultural links between core capitalist countries and their hinterlands’ and transnationalism is one of the ways globalisation accomplishes this end. This line of thought eventuates in the recognition that transnationalism promotes international trade in the era of globalisation by multiplying the business resources formerly restricted to middleman minorities. It is as if middleman minorities were now typical rather than infrequent. But there are important differences between transnationals and middleman minorities as well as similarities. Reviewing the subject, Portes (2003, p.878) declares that, “not all immigrants are transnationals”. In fact, Portes (p.884) declares, “transnationalism is not the normative or dominant mode of adaptation of these immigrant groups”. Transnationalism characterises only a minority of the immigrants. To this extent, the canonical position in immigration theory, which emphasises the continuing assimilation of migrants to the host society is supported (Alba and Nee, 2003). Most immigrants in the USA still assimilate within three or four generations. An influential minority does not or, at least, is slower to do so. Transnationals are a non-assimilating elite minority within assimilating immigrant groups whereas middleman minorities include and included everyone in their non-assimilating group, not just an elite minority.

Transnationalism originates from above and/or from below, a distinction never made about middleman minorities, who always originate from below (Mahler, 1998). Transnationalism originates ‘from above’ when states encourage the admission of skilled foreigners in the hope of thereby stimulating economic growth. There are several ways states accomplish this end. One method is the entrepreneur visa that enables affluent foreigners to avoid the visa queue in exchange for starting a business in their adopted country. USA, Canada and Australia offer entrepreneur visas. Another method is a special visa that permits skilled foreigners temporarily to access the labour market in the destination country. The much-copied US H1-B visa is the best example of this method. Nearly a half million H1-B visa holders lived and worked in the USA in 2009 (Dovarganes, 2009). Student visas also permit foreigners to acquire skills and many who enter the USA as graduate students thereafter obtain employment in the USA. Of those, some became transnational entrepreneurs. To obtain an entrepreneur visa, a student visa, or an H1-B visa, an immigrant must already have enjoyed elite status at the time of admission. Their status depended on their skills. Since each of these three classes yields a disproportionately large cadre of international entrepreneurs, whether in the long-run or the short-run, states effectively increase the number of international entrepreneurs when they introduce these selective immigration policies.

In contrast, transnationalism originates ‘from below’ when non-elite immigrants opt for a transnational life style. Thanks to emergent technological and economic incentives, such as jet airplanes, satellite-communication and the internet, this option is more frequently selected now than it was or could have been in the past. As a result, even routine immigration of working-class people yields a minority of long-term transnationals whose likelihood of self-employment is appreciably higher than the average of their group. In some cases, one presumes, the immigrants opt for transnationalism precisely because of the business advantages transnationalism conveys. In other cases, having
initially selected transnationalism as a lifestyle, the immigrants later discover the advantages that transnationalism conveys in international business. Either way, the ranks of transnationals provide more entrepreneurs than the average of their immigrant group (Morawska, 2004).

But there is a difference in rank between transnationals from above and from below. In general, transnationalism from below gives rise to entrepreneurs who have average or below-average human, social and financial capital. Relying perforce on ethnic resources, their most substantial endowment, these entrepreneurs tend to open routine business firms many of which serve only their own co-ethnic community. In contrast, transnationalism from above introduces immigrants who arrive well equipped with human and financial capital as well, of course as with ethnic social and cultural capital. In the case of graduate students, the immigrants augment their human capital after arrival. Headline-grabbing entrepreneurs from above subsequently “work in dynamic and technologically sophisticated industries” [Saxenian, (2002), p.29]. Immigrant entrepreneurs have been involved in major technical sector start-ups, including Intel, Yahoo, Sun Micro Systems, E-Bay and Google (Richtel, 2009). Some, like Jerry Yang, co-founder of Yahoo become household names around the world. However, even when they work for salaries in Silicon Valley, the high-tech immigrants rely on ethnic strategies to enhance entrepreneurial opportunities. The immigrant engineers join and create ethnic denominated social and professional associations such as the Silicon Valley Chinese Engineers Association, The Indus Entrepreneur and the Korean IT Forum [Rauch and Trindade, (2002), p.116]. These organisation amount to what Greene and Butler (2004) have called ‘natural business incubators’. To be sure, there are many more transnational entrepreneurs from below than from above, but those from above are much more glamorous so they grab headlines. On mature consideration, it is not obvious that multitudes of routine entrepreneurs from below contribute less to the growth of GDP than do the glamorous few from above2. Either way, however, the transnational entrepreneurs are active in their homeland’s economy as well as in their adopted country’s economy and, according to Saxenian (2002, p.30, 2006, pp.17–18), they enhance the economic growth of both.

3 Transnationalism and globalisation

If the theorists of transnationalism are correct, more people can access the key business-supporting resources now than could do so in the past when international commerce relied on middleman minorities [Portes, (2003), p.880]. That is, in the past there were only middleman minorities to promote international trade; today there are middleman minorities + transnational minorities. In the modern world, middleman minorities still play their commerce-enhancing role; they have been joined by others, not superseded (Pal, 2007). Therefore, more international trade is possible now because and to the extent that international trade depends on the more abundant ethnic and class resources migration supplies under current technological conditions. The hypothesis links immigration, transnationalism and the expansion of world trade, which is the hallmark of globalisation. Under current conditions, immigration creates transnational people many of whom become international entrepreneurs and thereby encourage economic globalisation. The key insight is, as Dana and Morris (2007, p.804) put it, “entrepreneurship does not happen without entrepreneurs” so we must consider the
processes that generate global entrepreneurs as processes that drive globalisation. This insight does not belong to the world’s supply of ancient economic knowledge. For example, Krugman and Obstfeld’s (2003, p.166) textbook on international economics refers to immigration only on one page and there considers only low-wage labour migrants. This authoritative textbook contains no mention of transnationalism, skilled immigrants, or immigrant entrepreneurs. This is unsurprising. Only recently has the world begun to think of immigrants as other than a source of cheap labour. The earliest conjunction of the words ‘immigrant entrepreneurs’ in a book title appeared in Light and Bonacich (1988).

Times change. A solid body of evidence documents the contribution of immigration to international trade, the growing influence of transnationalism and the growth-enhancing effects of transnational entrepreneurs [Mosk, (2005), p.75]. Indeed, with the publication of Dana’s (2007) massive Handbook of Research on Ethnic and Minority Entrepreneurship and prior to that Stiles and Galbraith’s (2004) Ethnic Entrepreneurship: Structure and Process, 64 research articles on the topic appeared in these two books alone within three years. This avalanche of publications testifies to the consolidation of scholarly interest around the hypothesis that immigration promotes entrepreneurship and entrepreneurship promotes globalisation. Furthermore, one could even propose that globalisation requires transnationalism, which it also promotes. International trade requires international traders and many international traders are transnationals. Hence, Silj and Cross (1999, p.135) declare that transmigrant entrepreneurs no longer promote a ‘second-rate form of capitalism’ as Max Weber believed [Light and Gold, (2000), pp.6–7]. Instead, transnational traders are ‘the forefront of new economic ties’. If so, transmigrant entrepreneurs arguably caused some of the last half century’s increase in international trade (Kotkin, 1996). That is, because more people had access to the requisite ethnic resources, the world sprouted more international entrepreneurs and more world trade ensued.

Strictly in its economic terms, globalisation means the reduction of tariff and non-tariff barriers to trade, freer mobility of capital across international boundaries, international standardisation of products, specifications and legal codes as well as the migration of Third World workers, skilled and unskilled, to the developed countries (Sassen, 1994; Hollifield, 2000). As globalisation knits world markets, opportunities for trade increase as does the importance of international trade [Wolff and Pett, (2000), p.35]. World trade has increased substantially in the last generation. In the USA, the share of exports in national income rose from 4% to 7% between 1950 and 1990. The share of merchandise exports in the output of manufactured goods, a more revealing ratio, increased over the same period from 6% to nearly 20% (The Economist, 1997) and other countries have seen comparable changes. Exports accounted for more than 20% of US economic growth in 2000; exports also created more than 11% of US jobs [Rondinelli, et al., (1998), p.75].

Globalisation on this scale could not have relied upon middleman minorities to do all its work. First, if limited to middleman minorities, the world’s supply of international traders could not have expanded rapidly enough to match the expanding opportunity. Second, some backwater areas integrated into world trade by dint of immigration lacked resident middleman minorities to facilitate their emergent trade. For example, there were no Armenians in El Salvador so El Salvador could not rely upon Armenians to drive its integration into expanding global trade. Salvadoran transnationals were needed. It even appears that classic middleman minorities liked the Chinese added an aggressive
transnational elite to their long-standing population of international traders in response to the global opportunities. At the same time, hitherto non-trading immigrant communities began to produce international traders. The joint result was enhanced supply of persons qualified to undertake international business. Without this expansion of supply of people with the requisite resources to trade internationally, the growth of international commerce would have been constrained by an inadequate trader population. Transnationalism arguably accomplished this historical task, outfitting more or less every immigrant group with its own cosmopolitan, bi-cultural and non-assimilating elite, equipped with class resources, not ethnic resources. These people became international business owners and traders.

4 The dominance of the English language

This attractive hypothesis, which underlies so much current scholarship, assumes that the effects of transnationalism are the same everywhere. That is, wherever they are, transnationals enjoy the same commercial advantages of international networks and bi-cultural endowment. These resources support their international business equally whether the entrepreneurs reside in El Salvador or the UK and whether they trade with USA or with Hungary. There is plenty of evidence to support this hypothesis. However, before pledging full and final allegiance to it, we should examine the embeddedness of transnationalism in globalisation, which is much bigger than just transnationalism. Globalisation is changing the world in multiple ways, not just by expanding the supply of resource-endowed international traders while enhancing the demand for them. Globalisation also changes the context in which these international traders operate, possibly in ways that may have asymmetrical consequences.

One of these ways is the increasing international dominance of the English language in science, business and government (Gerhards, 2014). Globalisation promoted the unprecedented and growing dominance of the English language in business and science since 1945 (Phillipson, 1992; Fishman, 1998–1999). In effect, the contemporary dominance of English and transnational entrepreneurs are both effects of globalisation, albeit different effects. The dominance of the English language embeds transnational entrepreneurs in a world quite different from the one in which middleman minorities served centuries ago. Possibly that difference affects the trading advantages that transnationals enjoy. After all, resources are of more value when everyone else does not already have them.

We inhabit a globalised world in which English has almost become the universal second language of business people everywhere. But, that acknowledged, English language competence is still distributed unequally among nations and social classes. As Gerhards (2014) has shown, even within Europe, strongest bastion of English fluency, some countries display higher rates of English language competence than others and, within all countries, more educated and higher status people enjoy more competence in English that less educated people. English competence is a skill of the world’s elites. In this world, bi-cultural transnationals enjoy (first language + English) less linguistic advantage than classic middleman minorities earlier enjoyed before globalisation. This reduction arises because so many non-immigrants have learned English as their second language. If, in an extreme and limiting case, all the inhabitants of the world’s non-English-speaking countries achieved complete fluency in English as their second
language, then non-immigrant non-transnationals could trade with anyone anywhere in English. Non-immigrants would no longer need bi-cultural transnational helpers to effectuate their international trade as they did when non-immigrants were monolinguals. Today, Chinese business travellers in Eastern Europe speak English with their Polish trading partners. There is no need now to find translators who speak and read both Polish and Chinese. That said, the low-level Chinese merchants in Eastern Europe continue to acquire local languages and to function in them following classic strategies of a middleman minority (Pal, 2007). Thanks to the dominance of the English language, Chinese, Peruvians and Poles now have a common language, which reduces the earlier linguistic advantage of middleman minorities. Returning to the illustration earlier used, Peruvians in Peru and Turks in Turkey patronised the Armenian diaspora because Peruvians did not speak Turkish and Turks did not speak Spanish. Lacking a common language, Turks and Peruvians needed to communicate through bi-cultural Armenians, one cluster of whom spoke Spanish as well as Armenian and the other cluster Turkish as well as Armenian. Armenian intermediaries (middlemen) were indispensable in that world’s rug business. In a globalised world, however, many Turks speak English and many Peruvians speak English. Therefore, Turks and Peruvians can communicate in English and neither side needs Armenians any more for translation.

Of course, this thought-experiment presumes a fully globalised world that does not yet exist. Nonetheless, the increasing dominance of the English language in world business moves the world in that direction. In continental Europe today, half of the adult population claims to speak English. This unprecedented state of affairs means that the French and Germans, the Spanish and the Italians, or any other European combination can speak English to one another for purposes of international trade, reducing any need for diasporic Jews to interpret. True, the European business groups may not trust one another and trust is indispensable to the conduct of international business where it is also, it should be added, the most difficult to assure [Kivisto, (2001), p.568]. To that extent, the Europeans would still need the assistance of middleman minorities, such as the Jews, whose international social capital stands surety for their business commitments. Nonetheless, looking only at the linguistic indispensability, which the middleman minorities once enjoyed, one perceives that the dominance of English as a world language reduces, even if it does not extinguish, the linguistic advantage of transnationals today. If so, middleman minorities, like the Jews, would have lost their trading advantage in intra-European trade and would retain it only where English speakers are not abundant.

Although evidence is still incomplete, some research finds that English language dominance in the world asymmetrically affects international trade (van Parijs, 2000). The US International Trade Commission (2010, Box 3.1) reported that social capital links with export partners abroad were twice as important as advertising in the promotion of US exports. US firms generally waited for foreigners to initiate discussion of exporting because unwilling or unable to undertake exporting without foreign helpers. Examining the foreign trade of USA and Canada in the 1980s, Gould (1990, 1994) found that the volume and skill levels of immigrants increased the dollar volume of both US and Canadian exports to the immigrants’ home countries without increasing imports from them. This result was especially surprising because, in principle, immigrants should import more from their homelands than they export to them because of long-term cultural links to entertainment and food products of their homeland. This peculiar import/export discrepancy did not attend immigration from English-speaking countries. Immigrants from English-speaking countries increased Canadian and US imports as much as they
increased exports. Gould explained the unexpected discrepancy by reference to transaction costs, arguing that immigrants from non-English-speaking countries enjoyed transnational advantages for exports, but not for imports.

Light (2001) and Light et al. (2002) replicated Gould’s basic finding on a comparable but slightly different US data set. They too found that immigrants in the USA increased US merchandise exports to their home countries without increasing US imports from their home countries. However, this discrepancy did not attend immigration from English-speaking countries, which increased neither exports nor imports. These authors considered the possibility that transnational immigrants increased international trade more than non-transnational immigrants, but less than middleman minorities who, unlike transnationals, have centuries of entrepreneurial culture on which to draw. Comparing the Chinese diaspora and the Spanish language diaspora, the former a middleman diaspora, the latter a transnational diaspora, they found that both diasporas increased US trade with overseas homelands net of control variables, but the size of the Chinese effect was twice the size of the Spanish effect. Moreover, a measure of fluency in English found that, net of control variables, high fluency in English increased immigrants’ exports to their overseas homelands without increasing their imports from their homeland. This manipulation implied that English-speaking countries need the help of immigrants from non-English speaking countries to export goods to the immigrants’ non-English speaking homelands because, partially thanks to globalisation, English-speaking countries lack foreign language skills.

Distinguishing cultural vs. non-cultural goods, White (2010, p.190) found that immigration increased US imports of both, but increased the imports of cultural goods more than the imports of non-cultural goods, whose importation hardly increased at all. This finding implies that immigration’s effect upon imports is mostly targeted toward the importation of cultural goods, such as foodstuffs, from their home countries whereas the entry of non-cultural goods into the USA hardly depended at all upon immigration.

The asymmetrical effects of English dominance appear in English speaking countries. Girma and Yu’s study of immigration and trade in the UK found such asymmetrical effects. Girma and Yu (2007) distinguished between 26 British Commonwealth countries and 22 other countries. They reasoned that commonwealth countries would be ‘institutionally and culturally’ more similar to the UK than non-commonwealth countries. Fluency in English was presumably part of this similarity. Accordingly, Girma and Yu expected immigrants from non-commonwealth countries to reduce the transaction costs of international trade more than those from commonwealth countries. Using exports data, they reported ‘a robust relationship between the stock of immigrants from non-commonwealth countries’ and UK exports to those countries, but no ‘trade-enhancing effect from commonwealth immigrants’. Interpreting this result, Girma and Yu (2007, p.13) proposed that non-commonwealth immigrants brought ‘new information about their home countries’ market’ into the UK whereas commonwealth immigrants brought none. In other words, the UK already understood the commonwealth countries, but it did not understand the non-commonwealth countries equally well. Different in form, this conclusion is quite compatible with the claim, advanced above, that, thanks to the absence of foreign language skill in the UK, the UK needed immigrants from non-commonwealth countries in order to export goods to them.
Even in the world of globalised international commerce, an ancient rule of marketing still prevails: ‘the merchant always speaks the customer’s language’. Nineteenth century Armenians in Peru peddled rugs in Spanish. Today this ancient rule requires English-speaking countries to peddle their exports in languages other than English when they export to non-English speaking countries. Thanks to the dominance of English as a world business language, itself a product of globalisation, the English-speaking countries have learned to rely on the rest of the world’s fluency in English, thus relieving them of the necessity of learning foreign languages. Therefore, when they have to market their exports in non-English speaking countries, English-speaking countries rely upon the assistance of bi-cultural immigrants, who retain full fluency in foreign languages. Transnationals have this capacity. Fully fluent in English, they are also fluent in the language of their homeland.

However, again thanks to the world dominance of English, the opposite situation does not apply. When exporting to English-speaking countries, exporters in non-English speaking countries enjoy a linguistic advantage over those in English-speaking countries who would export to their country. English is the language of instruction in elite management schools in Europe as well as a serious part of undergraduate education in Europe and Asia [Crane, (1990), p.79]. As a result, the exporters already speak English as a second language, but the reverse is infrequent. Lambert (1990, 48) found that US business was ‘devoutly monolingual’ despite the increasing involvement of US business in international markets. Most US MBA programmes require no foreign language competence of graduates [Grosse, (2004), p.352] and unless they are immigrants or the children of immigrants, Americans do not learn foreign languages. Speaking English as their second language, the Dutch, the Koreans, the Chinese, or the Swedes do not need the help of co-ethnic immigrants in USA, UK, Canada, Australia, or New Zealand to market their exports to those English-speaking countries. As a result, Swedish or Korean transnationals abroad cannot contribute acquired language skills to the marketing effort of their homeland’s companies in English-speaking countries. This observation would explain why immigrants in USA and Canada increase those countries’ exports to the immigrants’ overseas homelands without increasing their homelands’ exports in USA and Canada. They also explain why immigrants from English speaking countries have no effect on the imports or exports of USA and Canada to their homeland. In the case of English-speaking immigrants, complete linguistic transparency reigns so there is no trading advantage to be garnered from co-ethnic immigrants abroad (Wagner et al., 2002; Walton-Roberts, 2010).

It is correct to assert, as Gould and others have done, that cultural skills, especially language skills, reduce the transaction costs of international commerce. However, many economists still think of language as a friction, not a structure. Prior to globalisation, when languages were on an international standing of parity, with some superiority to French, one could conceptualise translation as a frictional cost of international business. Middleman minorities thrived in the shadow of that frictional cost. In the globalised world that is increasingly coming into existence, the dominance of the English language is a global structure, not ‘a friction’. This global linguistic structure affects international trade in new ways that require a new theory capable of explaining asymmetrical effects of immigration on international trade. The theoretical heritage of middleman minorities, properly amended, offers the tools to accomplish this task.
5 Conclusions

Existing literature has correctly inferred that transmigrants enjoy linguistic and social capital advantages that outfit them advantageously for international commerce and entrepreneurship. This is a straightforward inference from the older literature of middleman minorities. On this view, transnationalism endows with class resources of entrepreneurship regional ethnic groups that were not historical middleman minorities and that do not inherit their vocational culture of entrepreneurship from business-minded ancestors. As a result, those resources are more common than they were previously; hence, international trade can progress more rapidly than it did earlier. Globalisation needed and made use of this expanded supply of international entrepreneurs.

These inferences are correct as far as they go. However, missing from existing transnationalism literature is much awareness that globalisation reduces the utility of bi-lingual conversations that do not include English. Spanish to French competence is inessential when French exporters and Spanish importers both speak English. Why should the French study Spanish or the Spanish French? Globalisation increasingly embeds world commerce, science, cinema and diplomacy in a dominant language, English. This dominant language creates a global linguistic structure where previously only linguistic frictions existed. There is every reason to suppose that economic consequences flow from the global dominance of English and some recent evidence supports that hypothesis. Presumably the dominance of the English language embeds the earth in a linguistic structure that transnationalism subserves.

Both practical and theoretical issues are at stake. On the theoretical side, we learn that transmigrants are not just middleman minorities redux and many times multiplied. Even if they were, the world has changed in some ways disadvantageous to middleman minorities. Transmigrants respond to globalisation, a new economic condition that they accommodate better than middleman minorities, who have lost at least one major function (translation) in an English-dominant global economy. On the practical side, the four-fold expansion of international trade since 1950, which is a defining feature of globalisation, owes something to transnationalism in the functional sense of mutual affinity and support. It is even possible and the data already lend this inference some support, that the massive and dangerous balance of payments deficit of the USA has been reduced (Istrate, et al., 2010) by that expansion of transnationalism, which enhanced the exports of the USA. Since that balance of payments deficit has been many times identified as an endangered cornerstone of the global economy, whose collapse would pull down the whole global edifice, transnationals may even prove an indispensable social adjunct of globalisation.

References


I. Light


Transnationals in an English-speaking world

I. Light


Notes


2 English summary

In the past, middleman minorities expedited international trade from their world-spanning diasporas. Their languages, networks and inter-generationally-transmitted business skills afforded them advantages in international trade. They still do. However, middleman minorities now share the spotlight with transnational entrepreneurs, who are non-assimilating, bi-cultural business elites. In the modern world, enabled by electronic communications and jet airplanes, transnational entrepreneurs enjoy resources of world-spanning social networks and bi-lingualism that are comparable to those of the historic middleman minorities. The emergence of transnational entrepreneurs since 1965 has enabled many more countries to organise trading diasporas than was previously possible. Transnational entrepreneurs thus expedited and accelerated globalisation of the world economy. However, now that English has become the dominant language of world business, the language skills of transnational entrepreneurs and middleman minorities alike have been to some extent superseded. Able to proceed in English on their own, traders need rely less on the language skills of diasporan intermediaries. Because of the world dominance of English, language effects on trade may also have become asymmetrical. Some evidence suggests that in order to promote their exports, English-speaking countries need the language skills of immigrants more than do non-English-speaking countries.

Sommaire Français

Dans le passé, les distributeurs qui ciblaient les minorités ethniques, accéléraient les échanges internationaux en utilisant leur diasporas qui couvraient l’ensemble du monde.

Leurs langues, réseaux, et compétences commerciales leur ont donné des avantages spécifiques dans le commerce international. Dans le monde moderne, structuré par les communications électroniques et les avions à réaction, les entrepreneurs transnationaux ont accès aux ressources des réseaux, des langues et des compétences commerciales qui sont comparables aux ressources des distributeurs ethniques. Les entrepreneurs transnationaux ont permis à un nombre important de personnes d’accélérer les échanges commerciaux internationaux, ce qui était vrai dans le passé, uniquement pour les distributeurs ethniques qui possédaient les ressources requises. C’est pour cette raison que les entrepreneurs transnationaux ont servi d’agents de mondialisation. Cependant, maintenant que la langue anglaise est devenue la langue commerciale qui domine le monde, les compétences linguistiques des entrepreneurs transnationaux ont été dans une certaine mesure dépassées. Les recherches démontrent que les pays dans lesquels la langue anglaise est utilisée couramment ont besoin des compétences linguistiques des immigrants plus que les pays où l’anglais n’est pas utilisé, dans le but de promouvoir l'.