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What is the 'Economic Value' of learning English in Spain?

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WHAT IS THE 'ECONOMIC VALUE' OF LEARNING ENGLISH IN SPAIN?

by

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**SUBMITTED TO SCRIPPS COLLEGE IN PARTIAL FULFILLMENT OF THE
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ABSTRACT

This paper uses historical and economic references to evaluate the economic value of learning English in Spain. Seeing that English is the *lingua franca* in politics, business, and technology, it is a necessary skill for Spanish citizens to possess in order to efficiently interact in foreign relations of all kinds. Due to Franco's harsh language policies, and Spain's ineffective education system, Spain has lacked the same linguistic exposure to foreign languages—especially English—than the rest of Europe. By referencing the previous literature written about the relationship between language and earnings, this paper seeks to find the economic incentive for Spaniards to learn English. The six issues introduced by language economist, Francois Grin, provide an economic, cultural, and social compass to evaluate the overall impact English language learning would have on the Spanish labor market and national economy. The six issues analyze the relevance language has on economic processes, human capital, social investments, policies, wage distribution, and the general market. With tourism as Spain's most lucrative business sector, better skills in English communication would only add to its economic success. While the Spanish government has named English as one of the seven basic skills within the labor market, effective teaching programs still have to be developed.

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1. Introduction

In a global environment overwhelmed by technological advances, increased political and social communication, and rapidly expanding economies, the need to simplify transnational relations has become an important issue within the last decade, especially after the economic downturn in 2008. The interconnectedness among markets exposed nations' reliance on international trade, businesses, and labor markets. As the world continues to grow, the relationships between countries become more intimate, increasing the level of overseas interaction and competition within the workforce. Proficiency in foreign languages has proven to be a hugely productive trait for an individual's human capital, prompting economic and sociological studies to research the costs and benefits of this learned skill. Due to the rapid effects of globalization, some countries have struggled to maintain the necessary level of foreign language skills that, if absent, could suffocate economic progress and limit workers' mobility (Ishpording, 2013). Spain, which has experienced a prolonged period of high unemployment rates and stagnant growth, has also been associated with a scarcity of foreign language skills, suggesting a possible correlation between multilingualism and economic success. Thus, this paper aims to identify the economic value of foreign language fluency, specifically English, within the Spanish labor market.

Many academic articles that have been published analyze the importance of language skills in a multi-faceted world economy. The majority of peer-reviewed literature investigates the economic returns of immigrants learning the language of their destination country; this was explored by Chiswick and Miller (1995) and Dustmann and van Soest (2002) through econometric techniques. This set of published papers

communicates the positive impact of speaking a second foreign language within the general labor market, including an analysis of Swiss citizens reviewed by Grin (2001) and immigrants in the Baltic states by Toomet (2011). Isphording (2013) contributed to this compilation of economic lingual analysis by addressing the returns on foreign language skills of immigrants to the Spanish labor market, who have a pre-established proficiency in the language of the host country but offer fluency in a language different than Spanish. By reexamining the methods and results of past literature, this paper explores the economic premium or incentive for Spanish citizens to learn foreign languages as a means for better occupational mobility and transnational employment opportunities.

Positioned as the fourth largest economy in the Euro Zone, Spain's economic growth before the recession had been one of the highest in Europe (British Council, 2011). Six years after the economic downturn, Spain experienced its first increase in GDP in the second quarter of 2013 and has consistently shown an upward trend (Instituto Nacional de Estadística). While the economy has subtly improved, the high unemployment rate emphasizes the structural problems that still affect the efficiency and success of the Spanish labor market. Supporting a population of 46 million, the unemployment rate in Spain peaked at 26.94 percent in January of 2013 and is currently at 24 percent, 16 percentage points higher than the European Union average (Eurostat). To further establish the poor performance of the Spanish labor market, the youth unemployment rate reached a record breaking high of 56.2 percent in the fall of 2013 and is currently at 53.8 percent, while the average for the European Union is 21.4 percent (Eurostat). Unfortunately, this is not the first time Spain has experienced severe levels of

unemployment. In the early 1980s and mid 1990s, Spain reached a similar level of laid off workers, which supports the accusation that this is an issue deeply embedded in the infrastructure of the Spanish labor market (Montalvo).

While the combined efforts of the European Union work towards the revitalization of the institutional framework of the European youth labor force, Spain has been criticized by the European Union Council for education and training programs that lack relevance for the needs of today's labor market, resulting in 35.2 percent of unemployed persons without formal qualifications who have left education and training early—contributing to long-term unemployment (Council Recommendation on the National Reform Programme 2014 of Spain 2014 C 247/38). Part of the revitalization of the youth labor market has been the promotion of multilingualism, which was established in a communication by the Commission of the European Communities in 2005. This statement encourages citizens and students to communicate in two languages in addition to their mother tongue, which is also known as the Barcelona objective (A new framework strategy for multilingualism, 2005). Despite the transnational concern to broaden language speaking abilities throughout Europe, data from the 'Eurobarometer 64.3', an opinion based survey conducted by Eurostat, reveals that language skills in Spain are scarce in comparison to the rest of Europe, and, perhaps more problematic, only a minority of Spaniards actually intend to improve them (Isphording 2013). Additionally, 54 percent of Spanish respondents indicated that they are unable to speak any foreign language, including English (Eurobarometer).

Spain's scarce supply of foreign language speakers coupled with unwilling language learners have prompted a dramatic increase in multilingual immigrants traveling

to the country over the last fifteen years. Isphording (2013) empirically proves an obvious wage premia and occupational advantage given to immigrants in Spain due to their ability to communicate in English, German, or French. By exposing the results of past research, this paper intends to point out the potential economic returns of the Spanish labor force if the government strategized its approach towards educational programs that promote the acquisition of foreign languages within its national system, *ceteris paribus*.

This paper is organized as follows. Section 2 outlines the linguistic conflict in Spain and the structure of the Spanish education system and language policies, which provides a historical context dating back to Franco’s dictatorship. Section 3 evaluates the previous literature written about the relationship between language and earnings. By using the criteria introduced by economist Francois Grin to evaluate the economic value of foreign language learning, Section 4 analyzes the value of the English language in the context of Spain. Section 5 concludes the paper with recent statistics and growth rates from the Spanish economy.

2. Context

a. Nationalism and Linguistic Conflict

Spain is a country that is defined by its rich history, devout faith, vibrant cultural traditions, and distinct language. Contrary to popular belief, Spain is not a monolingual country and has struggled for many decades to



develop a fully integrated national identity. During the monarchy and Franco's dictatorship¹, the development of Spanish nationalism was shrouded by the forced unity of the Castilian language. Dávila-Balsera (2005) notes that the expression of a nation is rooted in nationalist movements, which are defined by elements that are specific to the community area such as the flag, anthem, language, religion, tradition, folklore, shared history, and common culture. Spain, however, has several separate regions that closely identify with their community's native language such as Galician, Basque, Catalan, and Valencian. As Spain developed into the country that it is today, its territorial procurement was mostly achieved through conquests and dynastic marriages, which resulted in a unification of a culturally and linguistically diverse assortment of people. This model known as a *contractual nation*,² defined the way Spain developed in the eighteenth century, throughout the Spanish monarchy, and during Franco's dictatorship (Montaruli, Bourhis, Azurmendi, 2011). Despite its long history as a multilingual and culturally diverse country, the Spanish monarchy and Franco's dictatorship fiercely asserted a false sense of Spanish nationalism by disseminating a dominance of Castilian culture at the expense of homogenizing and repressing the characteristics and linguistic differences of the various regional communities (Shabad, Gunther, 1982). This governmentally enforced nationalism was a great source of tension that quickly brought resistance and prompted the creation of separatist movements—especially in the Basque and Catalan communities.

¹ Francoist Spain (also known as Nationalist Spain at the time of the Spanish Civil War) refers to the period between 1936 to 1975 when Franco ruled.

² Two main models define nation building in Western Europe during the seventeenth and eighteenth centuries. The first model follows an *ethnolinguistic nation*, which is when people from a similar ancestral ethnic and linguistic background come together to create a political state (Monaruli et al. 2011).

Efforts to standardize Spanish culture were highly politicized during Franco's dictatorship. As a consequence, the fascist government prohibited the use and expression of other languages and cultures in Spain: Basque, Catalan, and Galician. Teaching and public use of these languages were not allowed, as was the display of cultural activities and traditional ceremonies. Additionally, enforced policies that contributed to centralization included the encouragement of Spaniards to immigrate into bilingual regions to undermine the demographic vitality of its local linguistic population. Thus, the only cultural identity legitimized by Francoist Spain was the Spanish national one, in which regions were denigrated, banned, and persecuted for their local language and culture (Montaruli et al, 2011).

Looking back at the anthropological development of Spain helps to explain the country's unconventional and fractured sense of nationalism. In 1991, Francisco Ayala, a popular novelist and writer for the Spanish newspaper, *El País*, asserted that Spanish society is suffering from a linguistic 'boomerang effect,' in which the previously-repressed non-Castilian languages of Spain are now being forced on to the people of the Autonomous Communities by old-fashioned arrogant bureaucrats who are trying to 'push out' Spanish from their territories as retaliation for the old nationalist policies (Hoffman, 1996). What Ayala is pointing out, however, is Spain's undeniably impeded socialization or nationalization of its people. While other countries were able to focus on foreign relations and world affairs due to their pre-established unified national identity and common language, Spain struggled to harmonize within its domestic borders. This famous 'problem with Spain' expressed a crisis in Spanish nationalism in which there was always a plurality of patriotism.

b. Education System in Spain

Not surprisingly, at the beginning of the twentieth century, education was used as the key element in the process of creating a Spanish consciousness encouraged by the State, and the schools were the main vehicles for accomplishing this task. For countries with only a single language, a cohesive education system can be a powerful source of unity, whereas, in countries with several languages, such as Spain, this attempt towards cultural and linguistic unification was a relative failure. As the government struggled to shape a national education system that attempted to ‘harmonize’ the rights of each individual citizen in a democratic nation with a conservative project, it also needed to ensure consistency and agreement with the teachings of the Church. When the curriculum in the schools diverged from the teachings of the Church, there were conflicts of interest between Church and State. While the State wished to impose a ‘secular morality’ through the socialization of the education system, the Church did not want their conservative policies threatened. Consequently, polarizing factions developed between the liberals who supported the centralization of academic programming and the Church conservatives who favored the decentralization of the education system. Given this context, the education system’s organizational structure followed a centralist administration devised by the liberals in the nineteenth century, which remained in place until the Constitution of 1978 (Dávila-Balsera, 2005).

Despite this significant fracture between Church and State, the real dilemma that occurred in public schools during the early part of the twentieth century was that they were incapable of spreading a patriotic discourse that encouraged pride in being Spanish. Riquer argues that without serving as a mechanism to integrate and modernize society,

the education system failed to form a national consciousness that was unable to unify linguistic and cultural identity because people continued to speak their own languages on a large scale (as cited in Dávila-Balsera, 2005). To successfully transmit the spread of the country's nationalizing message, the collaboration of the teachers to carry out these values was also a necessary component. Unsurprisingly, the behavior of teachers was not uniform, thus the task was not achieved on a consistent scale causing a differentiation in intensity of nationalistic affirmation throughout the regions.

The proclamation of the Second Republic in Spain occurred in an international context that required radical change in the political system. Due to the economic crisis in the West and the impending threat of the growing communist and fascist movements that occurred in the 1930s, the Second Republic inherited three major issues that troubled Spain: the political-religious conflict, the recognition of citizens' rights, and the conception of the state. These three issues motivated the education policies enacted in this period of Spanish history. One of the major reforms that occurred during the Republic was the decentralization of the state. The communities of Catalonia and the Basque Country received statutes granting their autonomy in 1932 and 1936, respectively. This meant that the structure of the education system—the ideal environment for transmitting nationalism, or in this case, regionalism—was no longer controlled by the state, but by these communities. Article 50 of this Constitution permitted autonomous regions, especially in the case of Catalonia and the Basque Country, to organize education in their respective languages. The Constitution of 1931 made clear distinctions between the responsibilities of the state and which rights of the state prevail over the autonomous regions, while simultaneously advocating for policies

that moved towards decentralization. The reform program envisaged under this Constitution was that of a unified school system, secularism in schools, and education autonomy in the autonomous regions (as cited in Dávila-Balsera, 2005). During the Second Republic, the development of a consistent national identity suffered from a scarcity of time and the separate lingual and cultural experiences in the respective autonomous regions.

When Franco gained power after winning the Civil War, a return to centralist principles of the national state was implemented and any type of cultural or linguistic expression not in Spanish was prohibited throughout the forty-year regime. While educational experiments were still being tested in Catalonia and Basque Country, Franco's government imposed a Spanish identity that ignored the struggles and resistances that were developing throughout the country. This period in Spanish history exposed the peculiar way that activities developed as much inside the school as it did outside the educational system.

In addition to Spain's struggles to create a common national identity, the country always had a history of poor literacy rates. It was not until a royal decree instituted in 1901 that school attendance was made compulsory for children ages six to twelve. Because Spain was still a predominantly agricultural country at the time, this was an ambitious policy. As the labor force began to change from one driven by the agricultural industry to an increasingly urban and industrialized workforce, the literacy rate also began to increase. While Spain did become more literate during Franco's dictatorship, the country never caught up to the rest of Western Europe. According to census

demographics the percentage of illiterate Spaniards dropped from 23 percent in 1940, to 17 percent in 1950, and finally down to 14 percent in 1960 (Domke, 2011).

Concurrently, as many European countries became more familiar with English, the impact of Franco's authoritarian regime, especially in regards to his media censorship greatly affected English development in Spain. In the 20th century, English assumed a much stronger presence in Europe after the Peace Treaty of Versailles was introduced in 1919. Due to Great Britain's influence in Europe and the United States' new standing as a world power following its participation in the First World War, this was the first time a treaty had written versions in both French, the traditional language of diplomacy, and English. The international influence the United States had strengthened after 1945 and English started to become a significant feature in European education after the 1950's. Along with its prevalence in music and media in the 1960s and its influence in scientific research in the 1970s, the English language reinforced its stronghold throughout the rest of Europe (Berns, 2007).

While the majority of Western Europe had access and exposure to the growing influence of English, Spain was constricted to Franco's tight controls on foreign and national information. Despite the gradual liberalization of totalitarian control that occurred over four decades, strict government control of radio, television, and state-owned press remained virtually unchanged throughout the entire regime. This highly censored environment supported by the Law of 1938, required state authorization for any type of publication and permitted the suspension of any publication without appeal. It also gave the state power to appoint or dismiss any newspaper managers and editors at their discretion—even if they were privately owned. A similar decree passed in 1939

censored all commercial radio broadcasts. This developed into even tighter government controls over television, which eventually became one of Franco's most powerful propagandistic tools. Despite the authoritarian regime's direct control and heavy-handed manipulation of news, Spaniards regarded television as the most reliable medium for information (Gunther, Montero, and Wert 1999). Franco understood the power of media and took advantage of a poorly literate population by feeding citizens with highly biased and manipulated content. While Spain had developed educational and cultural issues long before the days of Franco, his dictatorship perpetuated a repressed and educationally stunted country that failed to develop with the same level of intellectual freedom and at the same rate of educational modernization as the rest of Europe.

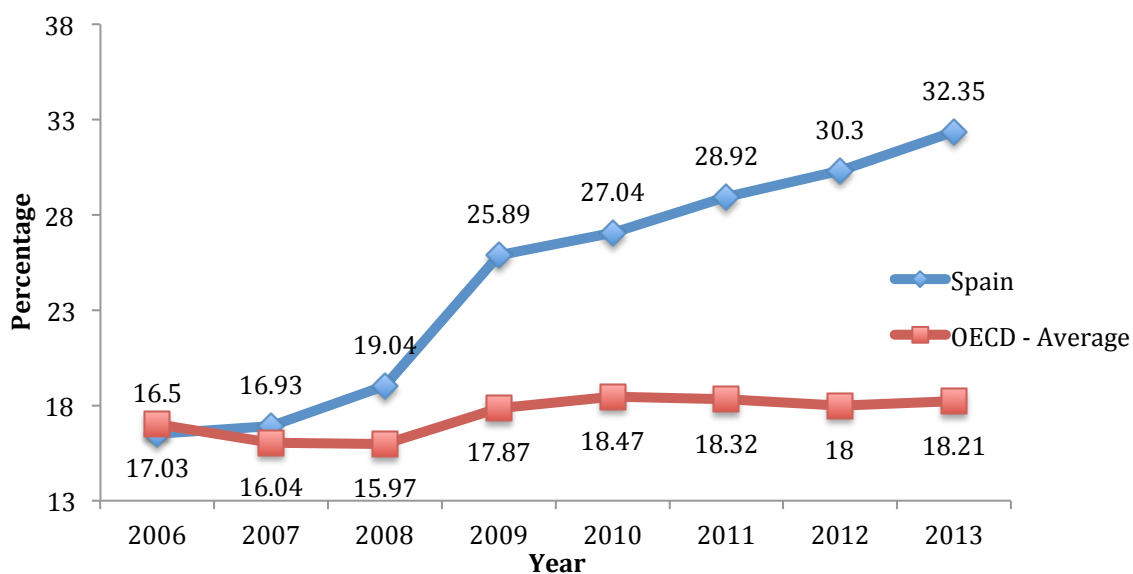
After Franco's death, Spain started to transition from a suffocating dictatorship to a democracy in need of redistributing the territorial responsibilities of the state. The General Education Law of 1970, which was passed at the tail end of Franco's reign, attempted to fulfill the need to modernize the education system and permitted the use of minority languages in schools for the first time. The Constitution of 1978 officially eradicated the centralist government that was established under Franco and protected the political rights of the autonomous regions. This resulted in a total decentralization of the education system that greatly affected the teaching force, technical inspectors, centers of learning, and development of curricula. Over the last three decades, Spain has passed six organic education laws that slowly enabled the different regions of the country to gradually adapt to the framework of the Constitution. It was not until January 2000 that

the transfer of powers in the field of education had been carried out to all of the Autonomous Communities (Dávila-Balsera, 2011).³

While granting autonomy to the disparate regions of Spain eased cultural tensions, it has yet to achieve the Constitution's aim to create a "modern, plural education system that would be comparable with the best in Europe [which] would offer quality to all, and would not leave any sectors of the population undereducated, marginalized, segregated or excluded" (as cited in Dávila-Balsera, 2011). Compared to the rest of Western Europe, Spain's fractured past and unstable political situation has had serious repercussions on the overall educational attainment of the current Spanish population. Scoring below the EU averages in math, reading, and science, as well as having one of the highest dropout rates in Europe, 22.3 percent in 2014, Spain needs to catch up (Eurostat). While there are many different components that still need to be reformed within the Spanish education system, it essentially needs to modernize. In the hopes of making education and training more relevant and useful to students entering the workforce, the Spanish government has focused its attention on the incorporation of English in basic education to keep Spain competitive with the rest of the world.

³ Currently, the Spanish educational system is composed of 6 years of primary school, 4 years of compulsory secondary education (E.S.O.) and 2 years of non-compulsory education, which is either vocational training (ciclos formativos) or college preparation (bachillerato) (Anghel, Cabrales, and Carro, 2012).

Youth Not in Education or Training (NEET)



Source: OECD Data

One of the ways in which English is starting to become integrated in schools is through Content and Language Integrated Learning (Lasagabaster and Ruiz de Zarobe, 2010), which is a scholastic programming that promotes the education of multilingualism. Defined by Professor David Marsh, the leading expert regarding this new system of language learning, CLIL is a dual-focused educational approach in which an additional language is used for the learning and teaching of both content and language. This can either be in the form of an English teacher using cross-curricular content or the subject teacher using English as the language of instruction (Lasagabaster and Ruiz de Zarobe 2010). Madrid, among many other Autonomous Communities, has invested large sums of money in this type of programming and has recruited over 340 public schools to use it in everyday teaching. In addition to many partnerships with British Schools and

private English teaching enterprises, the education system is attempting to respond to the effects of globalization and add stability to an ever-changing institution.

3. Review of Economic Literature

Spain's recent policies, which aim at strengthening the labor market by building workers' skills through educational reforms, have been grounded in previous research dating back to the mid 1960's that analyze language fluency and earnings. In a study conducted by Chiswick and Miller (1995), the relationship between the adoption of the domestic language and its effect on non-native workers' earnings in Australia were analyzed and tested. They hypothesized that language fluency is a function of three fundamental variables: exposure to the language, efficiency in second language acquisition, and economic benefits from language fluency.

Even though the study examines immigrants' ability to adopt the destination language, Chiswick and Miller (1995) found that many factors influence one's exposure to the destination language, and formal instruction had an unquestionable impact on the efficiency of language acquisition. The statistical analysis is limited to foreign-born males between the ages of 25 and 64 who were employed at the time of the 1981 Australian Census. In the survey, respondents were asked if they spoke a language other than English at home, and, if yes, how fluent were they in speaking English—'very well,' 'well,' 'not well,' and 'not at all'. The immigrants considered fluent in English are defined as those who speak only English at home and those who speak English very well but also speak another language at home. They found that each additional year of education is associated with a 2.5 percent increase in fluency rate and a 3.6 percent

increase for those who came from a country that does not speak the same destination language. Thus, there is a 12.5 percent difference between the language fluency rates of someone with mean levels of education (around 11 years) and those who hold a bachelor's degree. The regression associated with the hypothesized determinants of fluency and earnings indicate that those already fluent in the destination language earned 5.3 percent higher earnings, while those who became fluent in destination language earned 6.4 percent more. The same regression was taken five years later and the effects were even larger, 8.3 percent and 9.3% respectively.

Using data provided by the German Socio Economic Panel, Dustmann and Soest (1998) attempt to estimate the determinants of language fluency of immigrants and its impact on earnings by accounting for the substantial errors in self-reported Census data relative to respondents' language proficiency. This study explicitly examines misclassification issues and correlated unobserved individual heterogeneity in wages and speaking fluency. Dustmann and Soest argue that statistical discrepancies occur in previous studies—including Chiswick and Miller (1995)—use OLS to estimate the effect of language on earnings. Despite uncovering the general bias recorded between language fluency and earnings in previous research, Dustmann and Soest separately maintain that years of education has a significant positive effect on earnings; concluding that more highly educated immigrants tend to speak the destination language more fluently than those with a lower education level. While language proficiency has a significant positive impact on earnings, the self-reported fluency assessments result in upwardly biased estimates, overstating the overall results. Thus, this report shows that the estimated

probabilities of subjects over reporting language fluency are larger than the probabilities of underreporting.

In another study entitled “Learn English, not the Local Language! Ethnic Russians in the Baltic States,” Toomet (2011) analyzes the importance of speaking the local language in Latvia and Estonia—countries with Russian-speaking minorities. Toomet notes that the popularity of Russian in Latvia and Estonia caused increasing concerns about the viability of the states’ local language. This resulted in an unwillingness to participate in mainstream Soviet society, widening the ethnic segregation between the countries. Similar to Francoist Spain, both Estonian and Latvian were instated as the only official national language. As a result, the younger generation of each country became less fluent in Russian. The study determined that the fluency in the majority language does not guarantee access to more productive jobs and that the adoption of English is related to a substantial income premium of at least 15 percent.

Rather than focusing on the wage differential of immigrants learning the destination language in a given country, Ingo E. Isphording (2013) examines the returns on foreign language skills of immigrants in the Spanish labor market. Isphording’s empirical findings indicate significant wage premia for language proficiency in English, German, or French, in the Spanish labor market. The results magnify the need for foreign language skills for the human capital endowment of immigrants in Spain. Since immigrants have a higher endowment of foreign language proficiency relative to the native population, they have economically benefited by functioning as the additional supply of language skills in Spain. The data sample used in this study included immigrants between 18 and 65 years of age, who were able to understand, read, write,

and speak in Spanish. The determinants used to empirically analyze the wage differential of a worker having a language skill included reported fluency in second language (either French, English, or German), basic control variables such as gender, age, years of residence, marital status, years of education, and uniquely a variable used to measure the linguistic distance of mother tongue to the second language.

Unlike the other aforementioned studies, Isphording uses the linguistic distance, which he formally defines as the dissimilarity of the languages in terms of grammar, vocabulary, phonetic inventory, pronunciation, or script, to control for fundamental advantages or disadvantages to second language acquisition. The table below lists the closest and furthest languages to Spanish, English, German and French.

Closest and Furthest Languages

Spanish				English			
Closest		Furthest		Closest		Furthest	
Language	Distance	Language	Distance	Language	Distance	Language	Distance
Galician	54.82	Serer Sine	102.35	Dutch	63.22	Duala	102.52
Italian	56.51	Dangme	102.44	Norwegian	64.12	A. Tuareg	102.86
Portuguese	64.21	Igbo Onitsha	102.84	Bokmaal			
Romanian	64.92	Wolof	103.02	Swedish	64.4	Warao	103.33
French	72.25	Twi Fante	105.53	Westvlaams	66.54	Tiv	103.6
				Danish	69.93	Twi Fante	104.7
German				French			
Closest		Furthest		Closest		Furthest	
Language	Distance	Language	Distance	Language	Distance	Language	Distance
Luxembourgish	42.12	Fula	103.25	Italian	73.89	Duala	102.35
Dutch	51.5	Tarifit Guelaia	103.56	Portuguese	74.36	Korean	102.74
Westvlaams	57.86	Serer Sine	103.57	Romanian	74.39	Tagalog	102.75
Norwegian	64.92	Yoruba	103.58	Galician	74.56	Twi Fante	103.27
Bokmaal							
Swedish	66.56	Korean	104.3	Spanish	81.07	Dangme	104.74

Source: Isphording's own calculations using programs for calculating ASJP distance matrices

Linguistically more distant language learners have to invest more time and effort to acquire the same level of proficiency. Hence, a linguistically close native German speaker has a 10 percent higher probability of being more proficient in English than a

linguistically distant native Spanish speaker because English shares roots in the Germanic language family (Isphording, 2013). Because Spanish speakers stem from the Romance language family, learning English is inherently harder for Spaniards. Without including occupation-fixed effects and reporting results for estimations excluding native speakers with a linguistic distance of zero, Isphording finds that the coefficient of English language proficiency indicates an average wage premium of 53.5 percent, for German 37.6 percent. There is, however, no statistically positive impact on the wage for French proficiency.⁴ In summary, Isphording determines that large returns to English proficiency can be attributed to the general importance of its role as a lingua franca in international business relations.

To find the general ‘economic value’ of English, Francois Grin (2001) uses both sociolinguistic and economic analysis to measure its influence in the context of the Swiss labor market. Due to Switzerland’s sanctioned plurilingualism,⁵ in which German, French, Italian, and Romanche⁶ are given status as official national languages, the effect fluency has on society and business transactions frequently comes to the forefront of conversation. Additionally, in Switzerland, English is neither a majority nor official language. Grin’s paper discusses the effect of linguistic variables on economic ones (how skills affect earnings); effects it has on wages in the labor market; microeconomic analysis of the typical wage earner (not a national economy); and distribution of incomes

⁴ With the exclusion of native speakers, Isphording explains that native speakers can potentially be foreign employees sent by their home country employer to work in Spain, thus they are not a part of the Spanish labor market, but paid from the home country wage level. When native speakers are included in the regression, those who have a high proficiency in French are measured to have a 38.6 percent increase on estimated returns.

⁵ Grin uses ‘multilingualism’ to denote an indefinite amount of languages in a specified social space and ‘plurilingualism’ when there are a finite or identified number of languages.

⁶ Romanche is a Romance language spoken in the southeastern Swiss canton of Grisons and is a descendant of the spoken Latin language of the Roman Empire. German heavily influences it in vocabulary and morphosyntax.

with language skills considered. Using the ordinary least squares regression approach, Grin was able to manipulate data taken from a Swiss survey entitled “Foreign Language Competence in Switzerland,” to estimate the earnings differentials between fluent speakers of English and those who are less proficient. Results showed that wage difference for the top level of English competence can exceed 30 percent and little English proficiency can still be associated with higher earnings. While these results show the positive impact English has on wages in Switzerland, the magnitude of the returns on English competence may have less influence in other countries. English, however, may be expected to become increasingly significant in the future with the global intensification of international trade. Despite its relevance and reported wage premia, Grin warns against an English-only policy. He tentatively predicts that the labor market value of English in relation to other skills will eventually erode and that language diversity will be encouraged in the long run.

While extensive research has been conducted on the relationship of language skills and labor income throughout the worldwide labor market, the issue determining the economic value of native Spaniards learning English has yet to be investigated. Taking knowledge from past studies, this paper attempts to reapply those methods of language value evaluation to determine the relative impact English fluency has on the Spanish labor market.

4. Economic Value of English in Spain

With the increasing level of global communication and internationalization, English has managed to become the *lingua franca* among speakers who do not share a common language. It has dominated many different industries including science and technology, diplomacy, sports and international recreational activities, business and marketing, travel and tourism, media and entertainment, and higher education, influencing all aspects of Spanish life. Therefore, it comes as no surprise that foreign language skills, especially fluency in English, have been linked to higher wages.

In order to consider the economic value of English in Spain, Francois Grin points out six substantial issues that are frequently raised when discussing ‘language economics’:

- “1. the relevance of language as a defining element of economic processes such as production, distribution or consumption;
2. the relevance of language as an element of human capital, in the acquisition of which individual actors may have a good reason to invest;
3. language teaching as a social investment, yielding net benefits (market-related or not);
4. the economic implications (costs and benefits) of language policies, whether these costs and benefits are market related or not;
5. language-based income inequality, particularly through wage discrimination against groups of people defined by their language attributes;
6. language-related work (translation, interpretation, teaching, etc.) as an economic sector,” (Grin, 2001).

These issues help describe how English fluency can have an economic impact on the Spanish workforce.

a. Relevance of Language in Economic Processes

The first issue Grin points out analyzes the overall importance of language within the general marketplace and business sector. Using responses from 572 executives⁷ from companies that have plans for international expansion or have a preexisting international presence, the Economist Intelligence Unit conducted a global survey in 2012 measuring the effect communication and cultural barriers have on business. The report assesses the roles cross-border communication and collaboration have on the economic success or failure of companies working abroad.

Since the survey was conducted after the economic downturn, many companies looked toward the global economy for more opportunity, and 77 percent of respondents reported that their company will expand to have an operational presence in more countries than it does now. Furthermore, almost two-thirds of executives stated “better cross-border collaboration has been a critical factor in the improvement of [their] organisation’s performance in the past three years.” With many companies seeking to expand their network abroad, over 90 percent of those surveyed believe that if improvements were made in cross-border communication, their company’s profit, revenue, and market share would also improve. The ability to communicate with clients abroad has increased the need for multilingual employees: companies confirmed that one in five of their workers need to speak another language and that English is a necessary

⁷ While the report does not specify which particular country each executive is from, it does provide the region. Just over one-half (51%) of the respondents’ companies are headquartered in western Europe; almost one-fifth (17%) are headquartered in Asia Pacific; nearly one in ten (9%) have headquarters in North America, and 8% are based in Latin America. The remaining are from eastern Europe, Africa, and the Middle East.

component if they wish to succeed in international expansion. This report, unsurprisingly, singled out Spain for its lack of linguistic diversity. Of the companies surveyed in Spain, 40 percent believe that difficulty in communicating in non-native languages has significantly hindered cross-border business. While other countries expressed similar concerns, the amount of Spanish executives who responded similarly showed that linguistic barriers are a major cause of poor business communication throughout the country.

In another survey conducted in 2006, ELAN: Effects on the European Economy of Shortage of Foreign Language Skills in Enterprise, data from nearly 2000 exporting small and medium size enterprises (SMEs) from 29 European states was gathered to provide practical information regarding the impact language skills have on business performance. The survey reported that a significant amount of business is being lost as a result of insufficient language skills. Across the 2000 SMEs sampled, 11 percent of respondents (195 SMEs) reported losing a contract as a result of lack of language skills. According to this report, if the proportion of businesses losing trade due to lack of language skills was consistent across the entire EU exporting SME sector, a conservative estimate of at least 945,000 European SMEs could be experiencing losses due to poor competency. This is projected as an average loss of €325,000 for each business over a three year period. Of the companies surveyed, more Spanish companies (19 percent) reported having lost business than French (13 percent) and German (10 percent). Solely accounting for the 11 percent of the surveyed SMEs having lost business contracts due to poor language communication, companies from Spain, Norway, Czech Republic, France, and the Netherlands incurred an actual or potential loss of €8,100,015 and €13,500,004.

The potential loss of companies not reporting the value of the forgone contracts is between €16,400,026 and €25,300,010 (ELAN, 2006).

To further emphasize the importance of multilingualism in international business, a language survey taken by the British Chambers of Commerce (2004) that profiled the different types of export managers based in the UK, found a direct correlation between the value an individual export manager placed on language skills and their business' annual turnover. Those that valued language skills the most were 77 percent more likely to report an annual export turnover above €750,000 and expect a yearly increase of €440,000, whereas only 33 percent of exporters who placed the least value on language skills were able to report this amount and were likely to experience a decline of €75,000 per year (ELAN, 2006). For global economic efficiency and ease of transactions, English is the most commonly used foreign language with German as a major second *lingua franca* in European business, suggesting that companies and governments should prioritize education and training within their workforce in order to strengthen the conversational and literary skills used to promote trade (ELAN, 2006).

b. Language Skills as Human Capital

With regard to the current economic system in Spain, conscious investment in the acquisition of the English language in the labor force should be a priority of the government and private businesses in order to facilitate trade, increase foreign transactions, and establish a highly skilled and mobile workforce. This aspect of language value is expressed in Grin's second issue, which describes language skills as a form of human capital. As described by Chiswick and Miller (1995), within the context of the labor market, language skills represent human capital because they satisfy three basic

requirements: they are embodied in the person; they are productive in the labor market, and they are created out of sacrifice of personal resources and time. As with any other type of capital, economic incentives and efficiency motivate the acquisition of these skills in the form of a higher rate of employment, decrease in search costs, and an increase in productive output from the labor force.

Despite the varying methods and overall data analyzed in the studies mentioned above, it is unanimously agreed that multilingualism, especially proficiency in English, corresponds with higher wages and a greater chance of employment. Isphording (2013) mentions that Spain is experiencing a low supply of foreign language skills in their current labor force, thus the influx of immigrants has increased to ease the economy's growing demands. Since the immigrant population has a higher endowment of foreign language proficiency over the native population, immigrants have experienced occupational advantages and higher compensation in wage. This will continue until the Spanish government adjusts the educational system to foster a student body and work force that can supply the increased demand for foreign language competency.

The empirical analysis used by Isphording to estimate the returns of a language skill is represented by this wage equation:

$$y_i = X_i' \beta + \gamma_j L_{ij} + \varepsilon_i$$

where y_i represents log-hourly wage, X_i represents for control variables, L_{ij} represents the language skill where j represents English, German, or French, respectively), and ε_i is the error term. Here he also includes linguistic difference to control for previous advantages or disadvantages of the subjects he uses in his data selection. He concludes that proficiency in English consistently experienced large returns across the wage

distribution and this can be explained by the general importance of its position as a *lingua franca* in international trade and in Internet and communication technologies.⁸

Substantiating Isphording's claims, the 2012 Eurobarometer survey on the subject of Europeans and their languages, disclosed that in terms of English, Spain has shown the second greatest improvement (trailing behind the United Kingdom) in the belief that it is one of the most useful languages for personal development⁹ (Eurobarometer).

Additionally it is noted that specifically for Spain, German proficiency is important in the service and tourism sector to accommodate the large market of German travelers.

Taking statistical evidence from the Institute for Tourist Studies (I.T.S.) and the Ministry of Industry, the overall entry of tourists since 2001 has increased by 23.3 percent. Seeing that the international tourism receipts¹⁰ tallied up to \$65,890,000,000 in 2012, tourism is a lucrative component to the Spanish economy. In 2013, the World Travel & Tourism Council (WTTC) calculated that travel and tourism directly¹¹ contributes to 5.7 percent of Spain's GDP and its total¹² contribution is 15.7 percent. The

⁸ Isphording ran many regressions that included different variables such as linguistic distance, occupational choice, and non-native speakers. While some of these variables produced higher wage premia skewing to French and German speakers, English speakers consistently experienced a wage premia for all variables. The returns to French and German speakers fluctuated immensely, and in even one regression, the returns to French speakers proved to have a negative effect on a worker's wage.

⁹ The idea of *personal development* is a concept used and described by the Ministry of Education, Youth, and Science in Europe that supports the development of every citizen's personal and professional knowledge, skills, and capacities for the improvement of his or her own prosperity and for competitive capacity of the national economy (as cited in Saar and Ure, 2013).

¹⁰ This data is provided by the World Bank, which described international tourism receipts as expenditures by international inbound visitors, including payments to national carriers for international transport. These receipts include any other prepayment made for goods or services received in the destination country.

¹¹ The WTTC defines direct contribution to GDP as the 'internal' spending on Travel & Tourism, which is total spending within a particular country on travel and tourism by residents and non-residents for business and leisure purposes, as well as government 'individual' spending, which is spending by the government that directly links to travel and tourism, such as cultural (museums) and recreational attractions (national parks).

¹² The WTTC total contribution of travel and tourism includes 'indirect' impacts on GDP, such as investment spending, government 'collective' spending, domestic purchases of goods and services, and the jobs supported by this sector of the economy.

countries that are consistently recorded as having the highest inflow of tourists coming into Spain are the United Kingdom and Germany. Despite Germany's overall decrease in 2.1 percent of tourists visiting over the past 12 years, they still accounted for almost 125 million visitors over this period. More impressively, the overall change of tourists coming from the United Kingdom increased by 10.1 percent and almost reached a total of 200 million that entered Spain. Without even considering the millions of other visitors who travel to Spain each year, the necessity of knowing English as a Spanish citizen is a useful and necessary skill to interact and perform business transactions with the foreign visitors coming from the United Kingdom and Germany. In the same report taken by the Eurobarometer in 2012, 60 percent of Spanish respondents mentioned that job prospects improve within the home country after using a new language at work. Despite acknowledging the obvious advantages of knowing English in Spain, 35 percent of those surveyed admitted to never using any type of method to learn a foreign language, but 26 percent reported that if they were being paid to learn a new language, they would be willing to put the time into doing so. This suggests that workers see that the ultimate benefit of a new language skill does not necessarily outweigh the opportunity cost of learning a new language. Therefore, the public will pursue language learning when methods of compensation lower the relative opportunity cost of the forgone time and resources of learning language skills.

c. Net Benefits of Language Teaching as Social Investment

The third concept Grin includes in his evaluation of language economics is if language teaching is a social investment that yields net benefits that can be related or unrelated to the market. In order to evaluate this concept, the term social investment must

be further described. Defined by the European Commission under Employment, Social Affairs, and Inclusion:

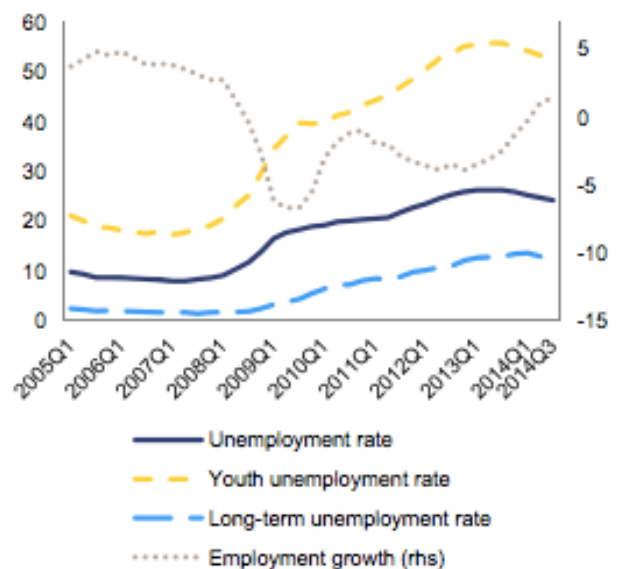
“Social investment is about investing in people. It means policies designed to strengthen people’s skills and capacities and support them to participate fully in employment and social life. Key policy areas include education, quality childcare, healthcare, training, job-search assistance and rehabilitation” (European Commission).

In 2013, the Commission created a Social Investment Package (SIP), which advises EU countries on how to effectively use their budget, provides people with more services and benefit packages, and prioritizes preventative measures to combat the development of additional welfare issues, rather than providing definitive solutions for them. SIP is designed to help a broad range of European citizens, but its efforts to specifically aid jobseekers are expressed in practical measures that institute better development of skills and bridge the gap between education and

work. One way in which the Commission attempts to do this is by creating individual recommendation plans for each country, which takes into account of the social, economic, and budgetary divergences between Member States and institutes sustainable social protection systems.

For Spain, the Commission’s in-depth review on the prevention and correction of

Figure 1: Employment and Unemployment Evolution



Source: European Commission

macroeconomic imbalances for 2015 included improvements, shortcomings, suggestions, and explanations of its current economic state. When describing the current state of the labor market, conditions are improving through an increase in economic activity and wage developments, but overall unemployment is still very high (see Figure 1). The increase in activity rates can be explained as a response to a reversal of migration flows and the fact that young adults are staying in the education system longer. It should be added, however, that this slight improvement could be a result of a withdrawal of discouraged workers from the labor force, most notably young adults. Despite these slight improvements, youth and long-term unemployment remain the most pressing issues for the Spanish economy. More than 35 percent of the total number of unemployed, which accounts for about 2.4 million people, are those who have been jobless for two years or more (see Figure 2). The Commission argues that the low job-finding rates can be explained by lack of adequate skills as well as being characterized by a mismatch of labor demand and supply—both in regards to skill sets and geographical needs. This mismatch is experienced by many young graduates working several years after schooling in occupations that do not require their level of qualification. It is also experienced through a high degree of cross-regional differences in the incidence of job seeking in Spain.

After reviewing the current conditions of the Spanish labor market, the recommendation further evaluates past programs' effectiveness on job creation and employment opportunities. For example, Spain's 2015 budget has increased the investment towards the modernization of the Public Employment Service by €85 million since 2014. This form of social investment was meant to coordinate a system between regional employment services and consolidate the allocation of resources to regions

based on performance indicators. The national Youth Guarantee system that was deployed in 2013 carried out a series of measures under the 2013-16 Youth Employment and Entrepreneurship Strategy, which has yet to demonstrate its effectiveness in stimulating youth employment. National data shows that until December 2014 about 365,000 young people benefitted from the actions that included in the Strategy, but delays in implementation of these programs throughout the nation have raised concerns about the national Youth Guarantee system’s overall effectiveness.

Despite investments in programs that attempt to combat the pitfalls of the Spanish labor market, early school-leaving and the mismatch between the education and training programs continues to be one of the biggest challenges in Spain. The low level of basic skills (mathematics, reading, and science) remains below the EU average and it questions the relative quality of education available for young students. More recently, the implementation of the new Organic Law for the improvement of the Quality of Education

(LOMCE) for the academic year of 2014-

2015 attempts to create a curricula that

improves basic skills in primary, secondary,

and vocational education and training, as

well as reinforcing cross-cutting skills

particularly language, entrepreneurship, and

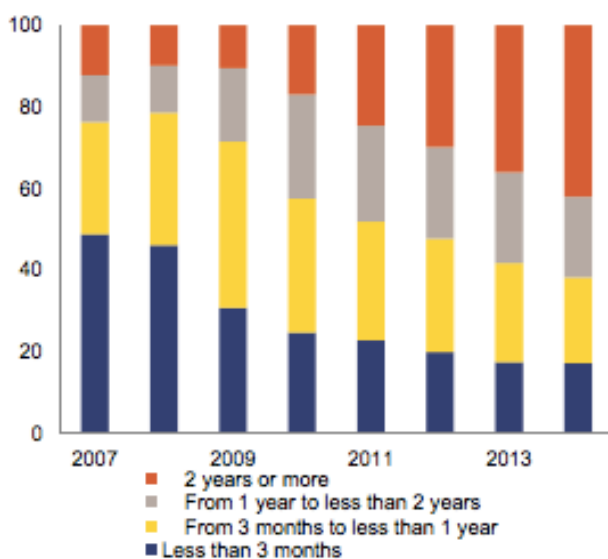
information technology skills (Country

Report Spain, 2015).

Substantiated by the programs and

policies listed above, it is obvious that Spain

Figure 2: Unemployment by Duration



Source: European Commission

has made many social investments that attempt to combat the issues that are negatively affecting its labor market. Grin suggests looking at the net benefits (market related or not) of the different types of social investments, but it is too early to see if these programs have had any significant or statistical effect. It can be inferred, however, that there is an overall mismatch in the demand for labor and what is supplied. Since basic skills are required for establishing a strong pool of qualified applicants, proficiency in foreign language should be seen as a requirement for entering the labor force. Due to its relevance, value, and usefulness, the ability to communicate is a requirement for economic success. While the overall mismatch of jobs and skills available continues to affect Spain, the question remains, what skills can students apply to their future jobs that will make them valuable assets to not only the Spanish labor market, but also to the worldwide labor force?

Seeing that the impact of these social investments cannot be accurately evaluated, their ideal objective is to lower the unemployment rate, create a competitive labor market, and prevent reliance on welfare assistance. Investments that encourage the development of English language skills are meant to help Spain on a national, regional, and individual level. Due to the language's prevalence in international trade, politics, and technology, English programs hope to benefit the ease of trade, promote economic expansion, and invest in personal capital. Meanwhile, benefits unrelated to the market would be the development of a national camaraderie and founded trust that shows the country's willingness to educate and encourage the development of transferable skills to Spanish citizens. The power of educational reforms, especially in regards to language instruction, can be an influential source for national unification. A possible cost of these

programs, however, could be their ineffectiveness. Using the Youth Guarantee program as an example, implementing policies over seventeen autonomous communities requires organization and pre-established systems that can support such change.

d. Economic Implications of Language Policies

The fourth point that Grin evaluates concerns the *economic* implications of these language policies and whether the costs and benefits are market related or not. Referencing the economic research cited earlier, if foreign language skills receive wage premia in the job market, investing in education systems that promote the acquisition of these skills are not just beneficial for the citizens of the state, but they are advantageous for the national economy. Most of the economic analysis cited earlier focuses on the economic returns individuals receive, such as an increase in wage or marginal productivity. These measurements, however, are an incomplete evaluation of the overall productivity of education. A ‘benefit’ of education refers to anything that pushes society’s production possibilities function outward. This can be in the form of an increase in production possibilities—increased labor productivity, a reduction in costs—making resources more available for productive uses, or a direct increase in welfare possibilities—developing a social consciousness or public spiritedness of one’s neighbor, which fosters a tolerant environment that aids in individual success (Weisbrod, 1962). Economic policies directed to assist foreign language learning, aim to invest in the productivity of the people of the state, which entails creating better applicants to get jobs that produce enough income for the population to have the economic security and the ability to support a family. Ideally, this leads to a harmonious cycle where the earned

incomes of employed multilingual people can consume affordable goods and services of local business, eventually supporting the local economy (Berger and Fisher, 2013).

Instituting educational reforms and creating new programs, however, requires a responsive infrastructure that can effectively adapt new changes within its current system. In the case of Spain, however, most of the ordinances concerning education, employment, social services, health, housing, etc., are given to the Autonomous Communities. This makes it very difficult to enact new programs due to the decentralization of the country. Consequently, the way each Community interprets, provides, and arranges these services is very different. The most recent publication regarding educational reforms in Spain was published in December of 2013 entitled the Organic Law 8/2013.¹³ Throughout the document, there is no explicit inclusion of English as a part of the general curricula, but it does mandate that administrations add multilingual teaching programs into the education system that incorporate foreign languages as well as the co-official languages of the region¹⁴. One way the ministry of education has done this is through a sponsored agreement with the British Council that selects 80 schools all over Spain to offer instruction in English for a large proportion of the curriculum.

In 2004, the Autonomous Community of Madrid responded to this initiative of multilingual education through a program that has enrolled 340 public schools (276 primary schools and 64 high schools), in which 40 percent of the instruction is in English. Overall, English comprises between 10 and 12 of the 25 weekly hours of instruction.

¹³ The House of Representatives approved the November 28 Organic Law of Educational Quality Improvement (LOMCE), which has been published in the Official Gazette on December 10 as Organic Law 8/2013, of December 9. In Spanish this is called the ‘Ley Orgánica de Mejora de la Calidad Educativa.’

¹⁴ This means that in the case of Cataluña, Castilian Spanish, Catalán, and a foreign language would be included in teaching.

While this program might be a step in the right direction, it does pose some major economic costs. For example, needing to hire, train, or retrain teachers to learn English will cost time and money. Given the opportunity cost of developing this skill and its high demand in the private sector, qualified and fluent teachers will inherently be more expensive given the market value of knowing English. Therefore, teachers receive an additional compensation for their, “extra dedication that results in a longer workday, due to the higher demands imposed by the activities of class preparation, processing and adaptation of materials into other languages, and regular attendance at coordination meetings outside school hours,” (Anghel et al., 2012). According to a study conducted at the Universidad Carlos III de Madrid evaluating the impact the bilingual program has on foreign language learning, it states that compensation for the extra dedication of the coordinators of the program in each school receives an additional €1,980 a year; teachers directing different course subjects in English for more than 15 hours receive €1,500; between 8 and 15 hours, €1,125; and less than 8 hours €750. In addition, the program provides “conversation assistants” to schools, who are usually college students from English speaking countries. Finally, the program also provides training courses in English for teachers, both in Spain and abroad. In this case, the program will finance transportation, living expenses, and fees for English schools, mostly in the UK and Ireland. Unfortunately, this study concluded a clear negative effect on Mathematics, Reading, and General Knowledge when the subject was taught in English (Anghel et al., 2012). It can be speculated that students’ moderate to poor comprehension of English hindered their ability to apprehend multifaceted topics in subjects other than the language itself, thus limiting their overall retention of knowledge.

Seeing the financial implications associated with the ineffective bilingual program instituted in Madrid is disheartening. Nevertheless, it shows that the infrastructure for major change in the education system is responsive and adaptable. The magnitude of this program also shows the Community of Madrid's ability to mobilize many schools and teachers toward a common curriculum, which is encouraging for future programming. While teaching basic subjects in English might not be the answer to raising students' level of fluency, bilingualism and multilingualism is still a highly sought after skill in the public and private sector and further research should be done to find effective teaching methods.

Created after the establishment of the EU's work program 'Education and Training 2010,' an effort to encourage continuing education for adults, especially in foreign language learning courses commonly referred to as 'lifelong learning' (LLL) has proven to be a more successful initiative. Due to the evident increase in the ageing population throughout Europe, a shift in focus from the formal education system towards a more individualized learning that is grounded in technology has been designed to accommodate the changing needs of the population. Denmark and Austria provide as great examples for effective LLL programming due to their highly centralized system of governance (Comparative analysis of adult education legislative framework in Austria, Belgium, Denmark, Spain and Montenegro, 2011). In Spain, over 40 percent of adults participate in adult learning, although the demand for adult learning in Spain is four times higher among high-skilled workers than among low-skilled workers (PIAAC, 2012). Nonetheless, Spain's attempt to prioritize continuing education not only makes it a

socially valued effort, but it provides the resources for an older audience to attain necessary skills in a changing economy and job market.

e. Income Inequality and Wage Discrimination Due to Language Attributes

Grin's fifth point considering the income inequality and wage discrimination against groups of people with certain language attributes has been described earlier in the economic studies by Isphording (2013), Chiswick and Miller (1995), Toomet (2011), and Dustmann and Soest (1998). These studies examine the wage premia multilingual workers receive, but the social implications of this disparity have yet to be discussed. Seeing that Spain has a known history of policies that support language discrimination, it would be shortsighted and ignorant to mandate English as a nationally obligatory language. Evidence shows that English is worth learning, but Grin cautions that restricting foreign/second language acquisition to English only would manifest a broader range of issues. The European Union is well aware of this problem and in 2005 issued *A new framework strategy for multilingualism*, which argues the value of linguistic diversity and reveals the need for a broader policy to promote multilingualism. The Barcelona objective that requires communication to be viable in the mother tongue plus two additional languages is a key instrument of this initiative. It is well noted in the publication that command of several foreign languages inevitably gives workers a competitive advantage and wider access to jobs, including jobs abroad (Multilingualism: an asset for Europe and a shared commitment, 2008). As competence in English spreads around the world, the socio-economic relevance of English will experience an upward trend, thus increasing the demand for English-language skills, further augmenting the wage premia given to those with a good command of the language. As this persists, the

supply of English language skills within the labor market will also increase, ultimately driving down the overall returns of those learned skills. For Spain, Isphording shows that immigrants, not Spaniards, have been the beneficiaries of wage discrimination because they are supplying the market's demand for English language skills. With this being said, Spaniards are not only nationally experiencing wage discrimination, but also the economic and social implications extend to the worldwide market.

f. Language-Related Work as Sector of Economy

Grin's final point in the evaluation of language economics is the assessment of language-related work as its own sector within the economy. Despite the many challenges in Spain, the recent education reforms and the growing number of Spanish students and professionals overseas show the growing market for English language teaching and learning. In 2011 the British Council published the 'English Language Market Report: Spain' to focus on the key markets that are vital for the work of UK English language providers. Michael Carrier, the head of English Language Innovation at the British Council, writes that the purpose of this report is to evaluate the market for English language students in Spain because they bring direct and indirect income to the UK economy. Since the economic downturn in 2008, the overall stream of Spanish students taking courses abroad has dropped, thus inspiring UK language education schools to reconsider their marketing strategies to keep the level of enrollment up. Over 38,000 students visit the UK each year in the hopes of improving their English through short or long-term courses.

The Council divides the markets for these students into different categories; the first being primary and ESO (secondary education) students ages six to 16. Since English

is a course requirement for advancement within the school system, parents are more willing to support their children's additional language learning needs, especially for exam preparation. The second market for Spanish students are those who are enrolled in Bachillerato (similar to high school) ages 16 to 19. This is an academically competitive age group, who view English as an important factor for their success in attending university either in Spain or abroad. Many of these students aspire to study in the UK, Germany, or the United States. The third category described by the Council is the market of undergraduate and postgraduate students. For many years the Spanish government required that all public universities teach all subjects in either Castilian or the local national language (Catalán, Basque, and Gallego), but within the past decade more and more private business schools have started offering bilingual (Spanish-English) curricula.

STUDENT PARTICIPATION				
TYPE OF CENTER	Total	Primary School	Secondary Education	Bachillerato
All Centers				
English	629195	409675	194705	18886
French	38935	12751	23927	3141
German	6706	2529	3467	710
Public Institutions				
English	404562	239526	146489	12038
French	34408	11559	20072	2777
German	4195	1598	2257	340
Private Institutions (receiving some public funding)				
English	209449	161999	44938	2504
French	3741	746	2995	..
German	2181	696	1115	370
Private Institutions (receiving no public funding)				
English	15184	8150	3278	4344
French	786	446	860	364
German	330	235	95	..

Source: Deputy General Directorate of Statistics and Studies Ministry of Education

In the table on the preceding page showing data for the academic year of 2012-2013, the Ministry of Education, Culture and Sport in Spain published the number of students enrolled in private and public institutions. The institutions that have the most students are by far those that teach English, showing its importance in Spain. Now many universities are realizing the importance of offering these resources to attract students from abroad, thus initiating a high demand for good English language skills at the university level. Therefore this is a key market for EAP (English for Academic Purposes).

The fourth and fifth categories are described as teachers as well as individual professionals and executives. Due to the regional policies that hindered foreign language attainment in Spain until recent years, there is a large group of 30—40 year-olds who did not have the opportunity to learn English while they were in school. In a globalizing economy, these professionals are expected by their companies to operate in fluent English, and at times the progression of their careers relies on their skills in English. Therefore, this segment is willing to invest in high-value added courses that are usually carried out by private enterprises.

The final segment within the Spanish economy evaluates corporate markets. Some of the larger organizations in the Spanish corporate sector, such as Banco Santander, Union Fenosa, Telefónica, and Iberdrola have been hugely successful in their internationalization strategies. These companies began their global expansion in the early 1990s using English-speaking executives who were able to effectively coordinate with their worldwide subsidiaries and suppliers in non-Spanish-speaking countries. Now, many Spanish corporations heavily invest in the development of English language skills for their middle and senior management (Kingsley, 2011).

Along with the different types of consumer groups in the market of English language learning, there are also four main entities that provide as sources of funding in this developing market sector. The first entity known to finance English language attainment is the family unit. Since many Spaniards continue their education well into their 20s, many parents are expected to pay tuition fees until their children obtain full-time jobs. Therefore, parents play a large part in any decision-making as to where their children will undertake their studies. Therefore, general English language learning and the selection of schools is very much a family affair. Due to the growing concerns of foreign language inclusion within the European Union, governmental institutions subsidize international language training programs through grants, the most common being the Erasmus Programme¹⁵. The Erasmus Programme does not provide scholarships for those who wish to only study English, but they do fund courses that are taught and conducted in English, thus, Erasmus wishes to encourage the study of less common languages to promote language diversity, but English is a predominantly used language throughout the courses offered. In 2008-2009, 27,400 Spanish students benefited from Erasmus funding and Spain ranks first as a recipient country of Erasmus students. In addition, the Spanish government single handedly provided €73 million in grants to teachers and trainee teachers for intensive language training in 2011. Another source that provides financial backing is through self-funded studies; this gives professional and executive students greater freedom of choice in their selection of a language school. Being able to study in the USA or UK for extended periods of time is seen as having significant linguistic advantages in the job market, making it a popular choice among

¹⁵ European Community Action Scheme for the Mobility of University Students is a EU student exchange program established in 1987.

middle to upper class students. Fearful of losing business for lack of international communication, many corporations are either directly sourcing their language teachers in Spain or outsourcing to trusted providers. To avoid a decrease in productivity, businesses have expressed interest in e-learning solutions to optimize and facilitate training time. Additionally, to save on costs, certain companies reserve intensive high value-added (one-on-one) programs to the most senior managers (Kingsley, 2011).

The high demand for foreign language learning has created a thriving sector within the economy for private educators. ASEPROCE is an association of more than 70 agents in Spain that help consumers search for reputable agencies and find programs that suit their needs. Ranging from programs that include the entire family to summer sessions for children starting at the age of 5, the association aims to target all consumers, especially those wanting to learn English. With countless private schools offering specialized foreign language programs, the Association of Independent Education Schools in Spain as well as the National Association of British Schools in Spain have institutions throughout the country to supply the demand for English language skills. Despite missing values for certain autonomous regions, the Spanish Ministry of Education, Culture and Sport recorded the number of Spanish students taking courses in the CLIL and British Council bilingual Spanish-English courses for the academic year of 2012-2013.

AUTONOMOUS COMMUNITY	Total	Primary Education	Secondary Education	Bachillerato
ARAGÓN	6184	5550	634	0
CASTILLA Y LEÓN	5526	4169	1239	118
MADRID	4260	3435	413	412
CASTILLA-LA MANCHA	2639	1799	806	34
NAVARRA)	1590	1292	298	0
MELILLA	1007	688	319	0
ASTURIAS	909	629	280	0
BALEARS (Illes)	653	294	340	19
EXTREMADURA	502	502	0	0
CEUTA	411	319	92	0
MURCIA	299	0	253	46
CANTABRIA	171	171	0	0
ANDALUCÍA	0	0	0	0
CANARIAS	0	0	0	0
CATALUÑA	0	0	0	0
COMUNITAT VALENCIANA	0	0	0	0
GALICIA	0	0	0	0
PAÍS VASCO	0	0	0	0
RIOJA	0	0	0	0

Source: Deputy General Directorate of Statistics and Studies Ministry of Education in Spain

While the data provided is not a complete representation of all the English teaching programs in Spain, it helps to show the general market for English (whether it be through public or private institutions) throughout the country. Even though the economic downturn occurred many years ago, its global impact revealed the need for many countries, particularly Spain, to mobilize programs that support internationalization and multilingualism—especially in regards to learning English.

5. Conclusion

Although no national economy was left unscathed by the Great Recession in 2008, some countries, such as Spain, were financially devastated by the worldwide crisis. By analyzing modern Spanish economic and linguistic development since the time of Francisco Franco, this study uses past research to identify the key factors within the Spanish labor market that have contributed to years of high unemployment rates and economic stagnation.

Due to the rapid effects of globalization, part of Spain's sluggish economy has been associated with the country's scarcity of foreign language skills, which has ultimately inhibited its ability to easily communicate or operate within the international marketplace. This lack of multilingualism in Spain, however, can be historically traced to the country's inability to successfully support a common language. Since Spain is made up of many regions that are culturally, socially, and linguistically diverse, Franco's administration condemned the existence of all regional languages and only permitted the use of Castilian Spanish. When Franco died, however, there was a revival of regional language learning, even though the rest of Europe focused their attention on learning foreign languages, such as English. Consequently, foreign language development in Spain had been delayed by the social repercussions of the fascist government.

Using peer-reviewed articles that focus on the study of language economics by Chiswick and Miller (1995), Dustmann and van Soest (2002), Grin (2001), Toomet (2011), and Ispording (2013), this paper explores the economic premium for Spanish citizens to learn foreign languages, specifically English, as a means for economic efficiency and occupational mobility. Seeing that English is the *lingua franca* in politics,

business, and technology, it is a necessary skill for Spanish citizens to possess in order to efficiently interact in foreign relations of all kinds. In order to find the impact fluency in English has on the Spanish economy, the six issues that Francois Grin includes in his discussion about language economics are evaluated within the context of Spain to qualitatively assess the value of English. The six issues analyze the relevance language has on economic processes, human capital, social investments, policies, wage distribution, and general market.

After discussing the different ways a language can impact various economic processes, it was determined that among Spanish citizens, one's level of English fluency can positively influence one's economic success. In a hyper-globalized environment, the pervasiveness of English within Spain is impossible to avoid and heavily influences many sectors of the Spanish economy—the most significant being tourism. According to the Institute for Tourist Studies (I.T.S.) and the Ministry of Industry, travel and tourism directly contributes to 5.7 percent of Spain's GDP and its total contribution is 15.7 percent. Furthermore, this sector of the economy contributes to 15.8 percent of Spain's total employment, which includes jobs that are either directly or indirectly supported by tourism. With almost 20 million tourists visiting from the UK and the US alone, the ability to communicate in English is a vital resource to conduct business.

Given official status as one of the seven basic skills by the Spanish government, it comes as no surprise that English fluency has a large impact on economic welfare. For more than a decade, many bilingual programs have been piloted in primary and secondary schools in Spain and have proven to be relatively effective in raising English fluency. In the English Proficiency Index of 2014 sponsored by Education First, the

report singled out Spain for being one of the European countries that improved the most in national English proficiency. Spain's focus on training young people to learn this essential skill has been deemed as a wise investment and will only help to benefit economic development in the long run.

Despite the overall instability of the Spanish economy, certain sectors have experienced expansionary growth that offer an optimistic outlook for the future. For example, the Quarterly Spanish Economy Report issued in February 2015 stated that total service exports experienced a 2.6 percent increase in year-over-year nominal terms, with a moderate rise in business services (0.4 percent), and high growth rates recorded in communications (22.3 percent), construction (15.1 percent), IT (17 percent), and culture (21.6 percent), all confirming positive results for the second quarter this year. Not to say that this expansionary growth is explained by Spain's recent improvements in English fluency, but language skills play a leading role in business transactions and communicative services. Taking into consideration that the Spanish service sector comprises 71.4 percent of its economy, methods to facilitate business services and communications is a vital source of Spain's economic success (CIA World Fact Book). What better way to stimulate this economic success than by providing resources that enable the Spanish labor force to communicate using the predominant global language—English.

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