

Pacific Rim Conference
Hong Kong

Globalization and Regionalism
14-16 January 2005

I280 - Education: Government Policy
J310 - Wage Level and Structure; Wage Differentials
by Skill, Training, Occupation, etc.
O200 - Development Planning and Policy: General

English or languish - a severe case of market distortion

"The lingua francas of our world have come and gone with the winds of prosperity; the languages of our world's great nations have endured all."

In an effort to attract foreign technology and investment, cultivate tourist trade, and enhance trade many national government have introduced and maintain universal English language requirements. These programs as they are currently administered in East Asia are costly to maintain, largely fail in their stated objectives, and are highly inefficient. Hong Kong's UEL requirement is probably one of the most wasteful in the world.

In a recent survey of Hong Kong's primary labor market for secondary school graduates nearly a third of all employers indicated no need of the English language. Of the remaining two thirds half were satisfied with only partial fluency. Even among employers who stated fluency as a requirement for entry, no evidence of a pecuniary incentive for having acquired English language proficiency could be found. Fewer than 20 percent of all Hong Kongers receive tertiary training, where the English language is often a requirement for entry.

How many fewer employers would demand even partial fluency, if partial fluency were not provided to them at no cost by the government? What if the English language requirement for entry into *all* Hong Kong universities were eliminated. There are under 7,000,000 people living in Hong Kong and over a billion people living in China. Japan's overseas trade volume as a proportion of its total economic output is on par with that of the United States.

This model combines a single market demand curve and two stacked supply curves (government-supplied low-level English language competency and private-sector high-level English language competency) to illustrate the market inefficiency that results from the free supply of basic English language proficiency to the private sector by government.

R. A. Stegemann, A.B., M.A., M.A.
EARTH's Manager and HKLNA-Project Director