

# ***The Impact of Educational Investment on Economic Development in Society***

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**Abstract:** This paper explores in depth how China's investment in education since the 21st century has had a significant impact on the country's economic development. With the advent of globalization and knowledge-based economy, education has become a key factor to promote social progress and enhance national competitiveness. This paper analyzes the financial support of the Chinese government in basic education, higher education and vocational and technical education, and examines the positive effects of these investments on the optimization of the labor market, scientific and technological innovation capacity and the overall economic structure. In future development, more attention should be paid to improving the per capita education level rather than merely pursuing quantitative expansion. This means that we must make reasonable policies to guide resources to poor areas and narrow the gap between urban and rural areas. Improving the continuing education system; Encourage enterprises to participate in vocational and technical training; And to strengthen the construction of teachers and curriculum reform and other soft power investment. Only such a comprehensive and in-depth education reform and development strategy can ensure the steady and rapid growth of the national economy while having the inherent resilience to resist external risks and challenges, and achieve sustainable prosperity in the true sense.

**Keywords:** Education, economic, development

## **1. Introduction**

Education is to let people learn knowledge, enrich themselves, improve their learning ability and ideological and moral character. In the economic knowledge I have learned in the past, I have learned that we need to grow economic growth through aggregate demand or aggregate supply. Aggregate demand equals to consumption plus investment plus government spending plus net trade. Education is a part of investment, so it has a crucial impact on economic development. Education is an important task of the country and the Party. The twentieth important report of the Party takes "implementing the strategy of rejuvenating the country through science and education and strengthening the talent support of modernization" as a separate part, which fully reflects the basic and strategic position and role of education

Develop good habits from childhood, including behavioral habits, language habits and establish an independent, independent personality. Developing education is the core of sustainable economic development. Education can train talents for the society, and improve scientific and technological research to serve the society. It plays a leading, comprehensive and fundamental role in economic

development, and promotes the improvement of productivity and economic growth. Through skills training, imparting knowledge, intelligence development and other educational activities, to improve the quality of workers, so as to shorten the average necessary labor time of social production, in order to obtain huge economic benefits. Education is also a long-term and risky investment, which requires a lot of human and material resources, such as time, energy and money.

Education is the foundation of a country's future development, and the amount of government investment in education determines the future development of the society. Government investment can increase the quality and quantity of education resources, and the improvement of education quality can cultivate more excellent talents, so as to promote the all-round development of the country and the improvement of the future market competitiveness. For people of different ages, there are many forms of educational investment and investors. For infants mostly for parents' intellectual investment and entertainment investment, in order to cultivate children's physical and mental health, broaden vision and improve intelligence. Most of the education investments for teenagers are government and family sports investment, tutoring schools, school software and hardware, academic resources and electronic products. Education investment for adults such as technology training, research funding support, training more skills and so on. The purpose of this article is to study the impact of education investment on and economic development is to discuss the advantages and disadvantages of education investment and to summarize the advantages of education investment that need to be improved. This article will show the positive impact and negative impact of education investment on economic development, as well as the author's summary and some suggestions.

## 2. Literature Review

Tingting Yang think education investment is closely related to the needs of a country's economic development stage, the ability of education investment and the institutional arrangement of education input. Secondly, based on a large number of theoretical and practical evidence, this paper holds that education investment-human capital increase-strengthening technological progress-economic growth has internal theoretical logic [1].

Fnagxi Li think the spillover effect of fiscal education expenditure is reflected in the fact that it promotes the formation of educational human capital, improves the speed of technology transformation and innovation, and then promotes the growth of the whole economy. The driving effect of education-related human capital on China's economic growth is greater than that of scientific and technological progress and material capital investment affected by the education spillover effect [2]. Lingli Jin think fiscal spending on education will boost economic growth and work better in the long term than in the short term [3].

Huiqin Yao think the expansion of government financial expenditure on education does not affect the optimal private capital accumulation choice of representative families; but it will squeeze out representative household consumption and cause the decline of current GDP. Through the application of the measurement model and STATA13 measurement software, the empirical analysis of the government financial education expenditure from 1991 to 2011 has a significant negative effect on the GDP [4]. Lili Jin think China should further increase the balanced investment in education, but also pay attention to the diversification of education mode [5]. Xinyu Zhan and Wenbin Liu think while continuing to increase the scale of fiscal expenditure on education, we should further optimize the structure of fiscal expenditure on education and vigorously improve the performance of fiscal expenditure on education [6].

Sen Zhang and Hongchun Zhu think the investment in education can promote China's economic growth and the return results are very significant. Therefore, it is necessary for China to maintain a high level of financial education fund expenditure in the future, improve the proportion of high-quality labor force in China, and then inject new vitality into the economic growth [7].

Xiaoyu Shi Consider:

1. Increase investment in education and give full play to the leading role of education in economic development.
2. Consider the rational allocation of educational resources and the proportion of .
3. Drawing on the experience of education investment in developed countries, diversify the sources of investment in education.
4. Optimize regional industrial structure and improve education contribution rate.
5. Pay attention to the cultivation of talents and adhere to the strategy of "prospering the country with science and education" [8].

### 3. The Positive Impact of Education on the Economy

The first part is the positive impact of investment on education on economic development. Firstly is the investment by the government. There's so many kinds of government investment. The government invests in the construction, expansion and improvement of educational infrastructure such as schools, universities, teaching buildings, laboratories, libraries and sports facilities to create a better learning environment and conditions. The government invests in teacher training, professional development, and teacher quality improvement. Among them, there are courses for training teachers, professional development activities, exchanges and cooperation, so as to improve teachers' professional level and teaching ability as well. The government has also invested in providing educational resources such as teaching materials, curriculum materials, learning tools, and teaching hardware such as TV, projections, and blackboards to ensure that schools and students have access to high-quality educational resources. Government investment is also used to provide student aid programs, such as grants, loan grants, and tuition exemptions, to help students from poor families and competent students get better educational opportunities and reduce their financial burden.

In order to develop education, the government also uses online teaching. Nowadays, many applications in China are invented to provide students with better educational resources and enable teachers to better follow up students' learning situation, so that parents can feel more assured about their children to the school. These are all investments in education, and they also make a huge contribution to the growth of the national gross domestic products , and they are a good tool to grow the gross domestic products. According to the announcement, the total investment in education in 2022 was 61.32.914 billion yuan, exceeding 6 trillion yuan for the first time, an increase of 5.97 percent over the previous year. Of this, the state government expenditure on education reached 4.847.291 billion yuan, an increase of 5.75% over the previous year, accounting for 4.01% of the GDP, and achieving "generally no less than 4%". Funding for education in the national general public budget was 3,925.696 billion yuan, an increase of 4.79% over the previous year, accounting for 15.07 percent of the expenditure in the general public budget. Secondly is investment on education can improve people's calibre. People will get high comprehension and more application from the university they like or the work and company that they want to go. This knowledge and skill will accompany them all their lives. It is a long-term investment. Capability improvement can make the economy sustainable.

### 4. The Positive Impact of Education on the Economy

The investment on education also has some negative effects to the economy. Firstly most of the investment on education spends on the hardware like Tables and chairs, classrooms, printers. Investing in these hardware facilities can grow the gross domestic products rapidly, but the real improvement in education is not much. We should spend more on the software like the leader training, teaching software, teaching platform, teaching management system, multimedia teaching equipment

and so on. Upgrading software facilities is more conducive to help students get better education and resources. Secondly is we need to focus on the quality. Nowadays there are too many schools and too many graduate students. According to the website of the Ministry of Education, as of June 15, 2023, there are 3072 institutions of higher learning, including 2820 ordinary institutions of higher learning, including 1275 undergraduate colleges, 1545 vocational (junior colleges) and 252 adult colleges. This list does not include institutions of higher learning in Hong Kong, Macao and Taiwan regions. Too many universities and the lax academic schools will reduce and depreciate the academic value.

## 5. Conclusion

In conclusion, the author makes an in-depth analysis of the positive effects of education investment on economic development, and concludes that, in the short term, increasing the input of educational resources can stimulate economic activities and promote the rapid dissemination of technology and knowledge. This educational expansion strategy can effectively improve the level of human capital in the labor market, thus leading to the improvement of productivity and innovation ability. As better educated workers join the workforce, companies will have more opportunities to develop markets for new products and services, which will help boost the national gross domestic product and rapidly increase the value per citizen of the average contribution in the national economy.

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