

Research on the Mechanism of Government Investment Behavior on Educational Inequality

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Abstract: Government investment behavior influences household educational spending through the differentiation of the real estate market and changes in the incomes of different family groups, which in turn contributes to educational inequality. Drawing from both domestic and international research, this paper provides a thorough theoretical discussion of the concept of educational equity, the quantitative characterization of educational inequality, and an analysis of its causes. It exposes the trends and underlying mechanisms driving educational inequality in China. On the empirical side, the study employs a variety of econometric analyses to identify key macroeconomic factors that affect educational inequality. Government investments must enhance educational infrastructure, teacher compensation, and funding for educational research, and carefully mitigate the unfavorable effects of such investments on the allocation of educational resources through targeted strategies.

Keywords: Government Investment; Educational Inequality

1. Induction

As Chinese socialism enters a new era, the main contradiction in Chinese society has shifted to be between the people's increasing desire for a better life and unbalanced, insufficient development. Educational inequality stands as a significant area of focus in addressing these developmental disparities across various sectors. Considering education's foundational role, it acts as a crucial instrument for augmenting human capital accumulation in every individual and is essential for enhancing long-term societal labor value capabilities. From a broader perspective, within China's critical poverty alleviation efforts, education plays a pivotal role in reducing

intergenerational poverty transmission, adhering to the principle that empowerment through knowledge precedes economic aid. Strategically, educational equity is crucial for the overall welfare of society and significantly affects people's sense of fulfillment and engagement in entrepreneurship and governance. Currently, education serves as a critical public service, with government investment playing a significant role. Such macroeconomic investment behavior by the government is crucial in redistributing educational resources. Nevertheless, these investment activities often exhibit significant market-oriented characteristics, which may deviate from the societal demands for educational equity, thereby exacerbating educational inequalities. Thus, analyzing the transmission mechanisms by which macroeconomic investment policies affect educational inequality is vital for enhancing the scientific basis and rationality of these policies, thereby improving educational equity.

Studying the impact of government investment behavior on educational inequality holds substantial theoretical and practical significance. By analyzing this impact from the viewpoint of education's public welfare attributes, the research can accelerate the development of policies aligned with educational equity and enhance the public welfare nature of government investments. From the perspective of the scientific implementation of policies, clarifying the transmission mechanisms by which government investment influences educational inequality will provide clearer guidance for local governments in making scientifically-informed investment decisions, critically influencing their educational investment behaviors. From the standpoint of educational finance, understanding the mechanisms by which macroeconomic investment policies impact education will refine both the theoretical and practical aspects

of educational finance, further enhancing the methodologies used in practical research.

2. Research Status

The existing body of research, both domestic and international, has systematically studied educational inequality. It is widely recognized that various facets of macroeconomic policies impact educational inequality in multiple ways. Theoretically, educational inequality has a substantial foundation, with prominent educators and philosophers such as Thomas Jefferson and John Dewey in the United States discussing it and advocating for educational equality as a prerequisite for achieving social equity. Specifically, the choices and extent of government investment in education significantly influence educational fairness. The direction of policy can alter the type of educational resources invested (Cao Panhua, 2017; Shi Xiaonan, 2019), while the level of investment impacts educational finances, school resources, and teacher salaries, affecting social educational inequality from macroeconomic, mesoeconomic, and microeconomic levels (Chen Lijuan, 2016; Wei Xie, Yang Zhi, 2015). Some scholars have also explored these issues more deeply at urban-rural and regional levels (Huang Xiao, Yang Jun, 2012). Additionally, China's macroeconomic policies and educational inequality interact; multiple macroeconomic factors significantly influence educational fairness, and conversely, educational inequality adversely affects various economic development factors, leading to regional economic disparities, market segmentation, and impacts on human resource development and educational resource allocation (Tu Yafu, 2016; Zhang Nan, 2015; Shen Xiaojiao, 2011; Xiong Yanyan, 2014). Researchers have also studied the measurement of educational inequality, characterizing it from the perspectives of educational opportunity, outcome equality, and resource inequality (Kevin, 2007; Li Haitao, 2006; Liu Jingming, 2000), focusing on micro-agents and systematically calculating variables such as educational variance and the Gini coefficient of educational inequality (Park, 2000; Bai Xuemei et al., 2004). In summary, the existing literature on educational inequality is rich and diverse. Theoretically, it thoroughly discusses the conceptual pillars of educational fairness, the quantitative portrayal of

educational inequality, and the analysis of its causes, revealing the developmental trends and mechanisms influencing educational inequality in China. Empirically, through constructing various econometric analyses, it measures the potential macroeconomic factors affecting educational inequality.

From a conceptual standpoint, government investment behavior is an integral part of fiscal and monetary policies aimed at expanding domestic demand and ensuring steady, healthy economic growth. These policies evolve over time into a comprehensive set of measures that significantly influence educational equity. Educational inequality manifests through various dimensions such as disparities in educational funding, resource allocation, achievement levels, and overall development.

Viewed through the lens of China's government investment policies, such investments have profound policy effects that contribute to educational inequality. Education funding primarily comes from two sources: government (schools) and families. Large-scale government investment policies can affect the level of educational investment from both these sources. From a macroeconomic transmission mechanism perspective, substantial government investments significantly boost the real estate market, leading to rising property prices. During the implementation of these large-scale investment policies, property prices in China exhibit a diverging trend. Prices in economically developed areas, particularly in first-tier cities, rise rapidly, whereas the increase in second and third-tier cities, especially those in the central and western regions, is markedly lower. This divergence in property market prices leads to disparities in land transfer prices. A significant portion of educational financial revenue comes from local government land transfer income, with regions experiencing higher property market prices having more funds to invest in education, thereby exacerbating educational inequality. Further analysis reveals that as property prices increase, more families relocate to areas where property prices are rising faster, leading to migration within the educational population. From an economic geography perspective, regions with booming property markets are also typically areas of strong economic development, which naturally attracts population inflows and fosters the clustering

effects of urban development. As the educational population shifts, particularly families with better economic conditions moving to areas with higher property prices, they access superior public educational services, thus intensifying regional educational inequalities.

From a microeconomic transmission mechanism perspective, substantial government investment significantly raises property market prices. For homeowners, according to consumer theory, families that own homes are more likely to increase their educational investments. Conversely, families without homes or those still repaying home loans must allocate a significant portion of their savings to invest in the property market or repay mortgages. Therefore, significant government investments can further crowd out family educational investments. As property prices climb rapidly, families without homes struggle even more to afford property, further reducing their educational investment. Meanwhile, families with homes benefit from appreciating assets and can increase their educational spending, further widening educational inequalities.

Therefore, the support and safeguards provided by substantial government investments in education must be precisely targeted and balance efficiency with equity. On one hand, government investments should enhance educational infrastructure, teachers' salaries and benefits, and research funding levels. On the other hand, they should mitigate the adverse macroeconomic impacts on education through targeted investments. Based on the overall macroeconomic climate, precise fiscal and monetary policies should be implemented to stabilize property prices across different regions, reduce disparities between real estate prices in various cities, and elevate the educational financial revenue levels of regional governments. Considering the population agglomeration effects of China's urban development, proactive measures should be taken to ensure enrollment for children of new migrant workers and new employment groups, addressing structural issues in educational resource supply and demand caused by population shifts through protective educational policies. For families without homes or those repaying home loans, enhanced construction of protected housing and preferential loan policies

should be implemented to reduce the crowding out effect of fluctuating property prices on educational investment. Thus, establishing a systematic, multi-layered educational security system is essential to continuously improve the inclusiveness of education, fully leverage the benefits of government investment in education, reduce inequalities during the investment process, and precisely implement policies to promote the high-quality development of China's educational sector.

3. Conclusion

Based on the transmission mechanism of government investment behavior on education, firstly, it is suggested to improve the accuracy of government investment, focus on the educational support for disadvantaged groups, and improve the level of educational infrastructure in underdeveloped areas, especially in counties and rural areas, through financial subsidies, fiscal transfer payments, and other means, to increase the income of rural teachers. Secondly, the government investment focuses on improving the basic security of people's livelihood, and further expanding the space for family education expenditure by improving the medical security level and social security level of low-income families. Thirdly, based on the development trend of new technologies and new business forms, we should bridge the differences between different economic development levels and urban and rural areas in China, and promote the balanced development of educational resources growth through the balanced distribution of basic resources of new technologies and new business forms. It is necessary to improve the level of facility construction of the teacher new technology training platform through government investment, increase the inclination of teacher resources in the underdeveloped areas of the central and western regions, and increase the training of information technology means for teachers' education knowledge learning in the underdeveloped areas. Through government investment funds to enhance the Internet platform support for rural teachers' educational knowledge training, rural teachers can use the platform economy to obtain more educational knowledge resources and remote training channels. Fourth, government investment should balance the relationship between real

estate development, capital market development, and household consumption. Consumption is a function of income. It is necessary to enhance household consumption expectations through healthy asset growth, while preventing the crowding-out effect of asset price increases brought about by government investment on household consumption. It is necessary to establish a systematic monitoring and forecasting indicator system for government investment and education resource allocation, measure policy effects, and promote government investment to effectively promote education equity.

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