

The relationship between education expenditure and economic growth in South Africa from 1987 to 2021

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A B S T R A C T

Does education encourage economic expansion? On this issue, empirical evidence is inconclusive. The relationship between government spending on education and economic growth in South Africa between 1987 and 2021 is examined using the time-series method. The empirical findings demonstrate that spending on education has a favorable and considerable impact on economic growth over the long and short terms. According to the estimations of the error correction model, a 1% increase in average education spending per worker will, in the short run, result in a 0.06% increase in output. According to co-integration calculations, a long-term increase in average worker education spending of 1% will result in a 0.2% gain in output.

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