Neoliberalism and the Global Youth Crisis

Mains: *GS-I – Society*

Why in news?

Recent wave of youth-led movements spanning from demonstrations in Western Europe to massive socio-political upheavals in South Asia has reignited an intense global debate.

What is Neoliberalism?

- Neoliberalism is an economic and political framework that rose to prominence in the late 1970s and 1980s.
- It is championed globally by figures like Ronald Reagan in the U.S. and Margaret Thatcher in the U.K., and mirrored in India's 1991 LPG—Liberalisation, Privatisation, Globalisation reforms.
- It places deep faith in free markets, deregulation, fiscal austerity, privatization of public services, and flexible labor markets.
- Unlike the post-World War II Keynesian era which prioritized full employment and strong state-backed universal welfare neoliberalism prioritizes inflation targeting, capital mobility, and cutting back state expenditure to let market forces dictate resource allocation.

How Neoliberalism squeezes the young?

- **Jobless or "Job-Poor" Growth -** While national GDPs and corporate profits have expanded significantly over the decades, growth has increasingly failed to translate into secure, decent jobs.
- **Falling Wage Shares and Demand Deficiency -** Under flexible labor market rules (weakened unions, contract employment, and gig work), wages have lagged behind productivity growth.
- Lower relative wages restrict consumer purchasing power, which subdues aggregate demand, leading businesses to hold back investments in hiring.
- **Fiscal Austerity and Public Slashes -** Neoliberal focus on fiscal deficit targets forces governments to cut back spending on public services, affordable higher education, healthcare, and public sector recruitment precisely the ladders young people rely on for upward social mobility.
- **The Rise of Precarious Work-** The proliferation of platform, gig, and short-term contract jobs strips workers of social security, predictable pensions, and health insurance.

What is the Indian context?

- **The NEET Crisis-** A high percentage of India's youth fall into the NEET (Not in Education, Employment, or Training) category, pointing to deep underutilization of the country's much-vaunted demographic dividend.
- **Educated Unemployment-** As highlighted by reports like the ILO India Employment Report,

unemployment is heavily concentrated among educated youth.
- Young people invest years and money into higher education only to find a severe mismatch with market demand.
- **Informality and Vulnerability-** The vast majority of Indian youth enter informal, low-wage arrangements devoid of formal social security, leaving them deeply vulnerable to economic shocks.

What are the challenges stemming from youth discontent?

- **Social Alienation and Frustration-** Prolonged joblessness damages mental health, delays family formation, and triggers widespread social apathy or despondency.
- **Political Volatility-** Economic insecurity breeds systemic anger, manifesting as erratic voting behavior, radical political polarization, or large-scale street protests.
- **Threat to Human Capital -** When young minds spend their prime productive years out of work or underemployed, the nation loses vital human capital accumulation.

What is the way forward?

- Policy incentives must shift away from capital-intensive biases toward labor-intensive sectors that can absorb millions of job-seekers (such as textiles, food processing, leather goods, green technology assembly, and tourism).
- Governments must scale up public expenditure in social infrastructure specifically healthcare, quality education, affordable housing, and the "care economy" which simultaneously builds human capability and generates millions of stable jobs.
- Frameworks must be institutionalized to guarantee minimum wages, basic social security, and workplace protections for platform and contract workers.
- As advocated by welfare economists like Amartya Sen, the optimal path lies not in completely rejecting market efficiency, but in leveraging a proactive, caring state to guarantee equity, skill alignment, and foundational security.

Reference

[The Hindu | Neoliberalism turned the world against its young]

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