

There is a NEETs crisis - but it is being deliberately ...

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This is the first of a number of reactions to [yesterday's report by Lord Alan Milburn for the government on young people Not in Employment, Education or Training \(NEETs\)](#).

A much deeper technical analysis is in development: my continual theme will be that Milburn has missed the issue, and was that the point of this?

Alan Milburn said in a new report, published yesterday, that Britain faces a crisis because more than a million young people are not in employment, education or training. Labour ministers appear to agree. Much of the media agrees as well. It has gone into panic-meltdown mode over the issue, meaning the report has generated headlines, commentary, and demands for action.

In one sense, they are all right. There is a crisis. I agree with that. Too many young people are being denied the opportunities they hope for, and even crave, and deserve. But I do not think the crisis is the one that Milburn, Labour, or most commentators believe it to be.

The conventional story is that something has gone wrong with young people. They are said to be disconnected from work, education, and opportunity. The blame is not aimed straight at them, but, in standard neoliberal fashion, it is being outsourced, leaving the impression that young people do have a responsibility for their own situations. Neoliberalism is about nothing if it is not about blaming the victim of its policies for their situation, over which they have little or no control.

Despite this, the challenge, we are told, is to reconnect young people through training, apprenticeships, welfare reform, careers advice and employment support. Young people must be in the workforce. That is another neoliberal mantra. And, no doubt, all those measures might help at the margin.

But the problem is that they address symptoms. The real crisis lies elsewhere. The real

crisis is that Britain has spent decades operating an economic system that deliberately creates unemployment and then expresses surprise when unemployment appears. There is nothing surprising about the current NEETS problem. Indeed, as the data I will publish later show, there is, in fact, nothing exceptional about what is happening now. The NEETS problem exists because the government has chosen that it should. That may sound surprising, but it should not be.

The fact is that the entire foundation of UK macroeconomic policy rests on the belief that some unemployment is necessary for inflation to be controlled. Neoliberal economists call this the NAIRU, the non-accelerating inflation rate of unemployment. Behind the technical language is a very simple proposition. The economy must always contain a pool of people who cannot find work.

Why is that? It is because orthodox economics claims that if too many people are employed, inflation will always accelerate. The answer is therefore to reduce demand whenever inflation appears, and the principal mechanism used to achieve that goal is higher interest rates.

The Bank of England raises rates in the expectation that businesses will invest less, consumers will spend less, economic activity will slow, and employment opportunities will decline, leading to higher unemployment. That outcome is not an unfortunate side effect. It is the policy objective. The Bank is deliberately trying to create unemployment.

The first victims are usually young people. They have the least experience. They are the newest to the labour market. They are the easiest to exclude. They have little chance of complaining because they are, economically, just about the weakest group in society, and, when many have few dependents, they are also considered the easiest group to sideline. When economic opportunities contract, they are pushed aside first. The NEETS issue is then deliberately constructed. It exists as a policy choice.

The result is that when Milburn identifies more than a million young people excluded from employment, education or training, he is identifying a genuine problem. What he is not identifying is the underlying cause, and tellingly, he did not look for it, because I very strongly suspect he did not want to find it.

The cause is not a lack of effort by young people. The cause is not a failure of aspiration. The cause is not primarily a failure of skills. The cause is an economic model that regards unemployment as a policy tool.

That is why I think the debate around NEETS needs reframing. Instead of asking how we manage unemployment amongst young people, we should ask why we continue to create unemployment amongst young people in the first place.

Modern Monetary Theory provides a very different way of thinking about this issue.

MMT begins with the proposition that unemployment is always evidence that government has failed to ensure sufficient demand exists within the economy. If people want paid work but cannot find it, that is a policy failure. The problem is not the people. The problem is the policy framework.

The solution is not to maintain a buffer stock of unemployed people. The solution is to maintain a buffer stock of employed people. That is the logic of its so-called job guarantee, which I think needs to be delivered through a genuine, long-term, fully funded policy of full-employment.

For most of the period after the Second World War, governments accepted this responsibility for maintaining high levels of employment. Full employment was understood to be a core economic objective. The idea that unemployment should be deliberately created to manage inflation only became dominant with the rise of neoliberal economics.

The result has been entirely predictable. We have accepted the exclusion of millions of people from economic activity as the price of managing inflation. We have treated unemployment as normal. We have even convinced ourselves that it is necessary.

Yet there is no shortage of useful work needing to be done. We need carers. We need environmental restoration. We need better public services. We need housing improvements. We need people to help deliver the transition to a sustainable economy. We need stronger communities and more social support. The idea that there is not enough work available is simply untrue.

The problem is that these jobs cannot be done because the government says its fiscal rules prevent them from being funded.

What is lacking is the political will to create the jobs that society needs.

So, Milburn is right. There is a NEETs crisis. But the crisis is not principally the existence of a million young people outside work, education or training. The crisis is that Britain continues to operate a monetary and economic system that deliberately creates unemployment, particularly amongst the young, and then treats the consequences as a mystery requiring yet another report, in response to which the next prime minister will do nothing, as the report will have been prepared on the instructions of the previous one. NEETs are that disposable.

Until NAIRU, central bank independence, a focus on monetary policy to control inflation that does not work, and neoliberal economic policy are abandoned, and people are put at the centre of politics again, nothing will change, and reports will keep coming, as will unemployment, and no one should be surprised.