Neoliberal Development: Capability Deprivation and Barriers for Positive Mental Health

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EXECUTIVE SUMMARY

Market-based approaches to development can increase the prevalence of common mental disorders around the world. Since the 1980s, the Global North has pursued neoliberal policies and has encouraged countries in the Global South to do the same. And, while these policies focused on the liberalization of markets have led to significant economic growth, they have also challenged people’s emotional well-being. Proponents of neoliberalism, or a market-based approach, are willing to make sacrifices in order to benefit from the potential efficiency of unregulated capitalism. Negative trade-offs associated with neoliberalism include: (1) increased precarity in society, (2) the prevalence of neoliberal discourse and the pressures it places on individuals, and (3) rising inequality and a sense of deprivation in societies.

In contrast to a market-based approach to development, the capability approach to development looks to the overall well-being of populations. Proponents of the capability approach advocate for the state’s involvement in securing the capabilities of individuals. The term capability refers to the opportunities that an individual has that are a function of both their own abilities and their economic, social, and political environment (Nussbaum 2011, 20). By utilizing a capability approach to development, governments can work to mitigate the tradeoffs of neoliberal development by providing social services for individuals.

This thesis project consists of three distinct parts. Part one considers how neoliberalism impacts emotional well-being. This paper looks at neoliberal economies, societies, and politics and finds that neoliberalism creates a sense of precariousness in communities that has harmful impacts on emotional well-being and therefore has negative implications for development. The second part of this project focuses on the capability approach to development and discusses the advantages and disadvantages of different methods of measuring development work. This paper argues that when development is considered through a lens of capability deprivation, it is clear that market-based approaches to well-being are insufficient. Finally, the third part of this project is a case study. This case study demonstrates that in India precarious and informal work, along with mental illness has risen since the state pursued more neoliberal policies in the 1990s. And, while non-state actors have sought to provide a greater sense of security through unions and non-governmental organizations, ultimately the state must provide better protection for people in order to improve mental health.

Overall, this thesis project demonstrates that going forward there must be a movement away from neoliberalism. This movement away from neoliberalism is necessary to increase the emotional well-being of all rather than relying on market principles and economic growth to alleviate suffering in solely a few.
PART I:
The Impacts of Neoliberalism on the Emotional Well-Being of Communities

Historically, scholars have argued that the mental illness of a population increases as a society develops. Thus, populations in low-income, subsistence states were thought to experience fewer mental illnesses compared to wealthier states (Lefley 2017, 148). This assumption has since been challenged as scholars have shown that stressors may vary based on region. While individuals in low-income countries may face greater stress due to economic instability, individuals in high-income countries may face stressors regarding the high level of inequality in their society (Easterlin 2010, 37; Graham 2011, 17). However, recently there has been significant scholarship on how neoliberalism exacerbates emotional distress in both high- and low-income contexts. Because of its emphasis on efficiency and reduced state involvement, some argue that the neoliberal doctrine serves the economic interests of the privileged (Brown 2015, 22). Although, neoliberals argue that this very emphasis on efficiency and market liberalization creates the most productive system possible. And, efficient production leads to economic growth which can improve an individual’s ability to meet their own material needs. It is reasonable to assume that such growth would improve the emotional well-being of individuals around the world. That being said, this trend is critiqued by many scholars who subscribe to the capabilities approach to development and advocate for states to protect the capabilities and functionings of individuals (Nussbaum 2011; Wolff and De-Shalit 2007).

This paper explores how the social, political, and economic components of neoliberal development impact mental health. For the purposes of this paper, sociological approaches to mental health are used which take into account how one’s environment impacts their sense of well-being. The emphasis on well-being comes from the World Health Organization’s definition of health as, “a state of complete physical, mental and social well-being and not merely the absence of disease or infirmity” (WHO 2006, 1). As reflected in this definition, emotional and mental well-being indicate a state of human flourishing, rather than simply being free of debilitating mental illness. Because of the emphasis on overall well-being rather than solely on mental illness, the focus of this paper relates to the baseline mental health of a population. This can be very indicative of how a state is or is not cultivating the capabilities and well-being of its population. This paper argues that neoliberalism has created a sense of precariousness in communities that has harmful impacts on emotional well-being and therefore has negative implications for development. Further, market-based approaches to development, and their emphasis on competition and productivity, are unable to provide a sense of stability and security to populations. Ultimately, states are the only institution in society that are capable of providing this stability that is crucial to mental health.

Neoliberal Development

Neoliberalism functions as a political doctrine that shapes the way people interact and live in the world. The rise of neoliberalism happened in the 1980s, propelled by the rise of Ronald Reagan and Margaret Thatcher and their policies (McKee et al. 2017, 1). During their terms, both Reagan and Thatcher sought to reduce state intervention while they simultaneously championed
the role of business in shaping society. Reagan and Thatcher’s politics strayed from conventional economic liberalism. Traditionally, economic liberals argue that the government should play as little of a role in society as possible and markets should be able to function free of government intervention. Reagan and Thatcher deviate from this economic thought because they believed in strong military spending in addition to the deregulation of the economy (Mirowski 2017). During the 1980s this deregulation and liberalization were significant. However, today in the United States the government hesitates to break up monopolies and to create competition in the ways it did in the 1980s. Instead, the state is often involved in promoting the interests of corporations in policies relating to anything from intellectual property rights to government subsidies. Critics argue that this state involvement comes at great costs. For example, government intervention may take the form of strengthened intellectual property rights; bailing out private banks when they fail; surveilling and criminalizing populations which are seen as an obstacle to the marketplace; and granting corporations the legal distinction as a person (Mirowski 2017). All of these policies reflect deep government involvement in promoting the interests of corporations. Scholar Will Davies (2014, 4) captures this role of the state in his definition of neoliberalism: “the pursuit of the disenchantment of politics by economics.” That is, the political aims of serving constituents and advocating for justice are pushed aside for economic profit. For neoliberals, this pursuit of economic growth is seen as the best way to improve society. In this system, political objectives are only implemented when they are deemed to serve economic growth.

In addition to the active role that the state plays in promoting corporate interests in neoliberalism, Loïc Wacquant (2010, 213), a prominent sociologist, also argues that neoliberalism has four institutional logics. In his work “Crafting the Neoliberal State: Workfare, Prisonfare, and Social Insecurity,” he defines these logics as “(1) economic deregulation… ;(2) Welfare state devolution, retraction, and recomposition… ; (3) An expansive, intrusive, and proactive penal apparatus… ; (4) The cultural trope of individual responsibility…” (Wacquant 2010, 213). These tenets of neoliberalism are apparent in the context of neoliberal economies, societies, and policies, and how they impact mental health.

Similarly to Wacquant (2010), a prominent scholar of neoliberalism, Wendy Brown (2015, 30), argues that as countries are increasingly neoliberal, there is an economization of every aspect of human life. Politically, Brown (2015, 26) argues that: “this formulation [of neoliberalism] means that democratic state commitments to equality, liberty, inclusion, and constitutionalism are now subordinate to the project of economic growth, competitive positioning, and capital enhancement.” This quotation reflects how the goal of economic growth has surpassed the expectation that states will provide essential rights and privileges to citizens. Further, neoliberalism makes humans into *homo economicus*, or economic beings whose role is understood to be market actors (Brown 2015, 31). Essentially, in a neoliberal system, economic ends push aside social or political ones.

As economic growth becomes a society’s objective, other issues, like mental health, become more individualized. This emphasis on mental health as an individual’s problem makes it harder to address from a structural level, which based on a sociological approach to mental health is precisely what needs to happen. Because the doctrine of neoliberalism centralizes the importance
of markets, mental health is often discussed and quantified as an economic subject. In popular and academic discourse, health is only framed as significant when it impacts productivity. This perspective places the market and economic growth as the objective, rather than the emotional well-being of people. Essentially, the way mental health is framed can have significant impacts, and, when discussions of mental health happen within the context of productivity the intrinsic value of human life and well-being is disregarded. While proponents of neoliberalism assert that the prioritization of the economy should improve all aspects of life, this paper argues that many of the economic, social, and political components of neoliberalism exacerbate mental illness in communities due to the disregard of non-market values.

Neoliberal Economies: Work, Economic Instability, and Emotional Well-Being

Neoliberalism deeply impacts economic stability, structures of labor, and monetary distribution around the world. Increasingly, a small class of transnational elites is gaining a far greater proportion of the national income than the rest of the population. National income can be divided into capital and labor, and since the 1980s the amount of national income attributed to capital has been growing. Capital is essentially income that is not earned by labor, but by collecting rent—what some critics have called undeserved and unproductive income (Standing 2016, 3). The implication of this phenomenon is that the majority of the population increasingly experiences poverty. Guy Standing (2016, 29), a scholar on the impacts of what he calls “rentier capitalism” (a monopolistic form of capitalism that aligns with neoliberalism), has highlighted trends that illustrate the rise of rentier capitalism. Before the 1980s, for example, when productivity increased, so did average wages. But today as productivity rises, wages stagnate. Similarly, rising company profits have historically led to higher average wages. Now, the employees of even the most profitable companies do not benefit from the wealth of the company (Standing 2016, 32). And, even when wages have increased in recent decades they have had little impact because the cost of living, reflected in costs of education, housing, health costs, and the like, which have outpaced wage increases.

As a result of rentier capitalism, employees of profitable companies are frequently unable to meet their material needs, and this poverty tends to have detrimental impacts on mental health around the world (Lefley 2017, 146; Mangalore et al. 2012, 155; Thoits 2017, 136; Warr 1987, 164). Because one’s socioeconomic status is tied to their work, employment impacts an individual’s sense of well-being. Research shows that having secure, meaningful work provides more stable mental health outcomes (Mangalore et al. 2019, 150; Limonic and Lennon 2017, 228). Moreover, the rise of neoliberalism has threatened these more stable work structures and has led to a shift toward more precarious forms of labor. This shift has been occurring since the 1980s but intensified after the 2008 financial crisis. During this time, there were significant increases in unemployment rates which put strains on social services. As a response, the U.S. government rolled back programs and used tax dollars to bail out banks that had engaged in risky and predatory lending practices (McKee et al. 2017, 2). This response reflects Wacquant’s (2010, 213) argument that neoliberalism includes the devolution of the welfare state and economic deregulation. Then, following the peak of the crisis, many unemployed individuals were able to find jobs again, but these jobs were often more insecure than their previous employment (McKee et al. 2017, 2). This insecurity is exemplified in the rise of ‘zero-hour contracts’ following the
financial collapse. These contracts require individuals to agree to be available at a moment’s notice for work but the employer does not guarantee hours. Additionally, the rise of piecework pay schemes contribute to precarious labor and a lack of security and continuity in people’s lives (Warr 1987, 166). This shows that jobs today do not have the same sense of security and continuity that played a big role in shaping the economic structures of the past (Strangleman 2012, 412).

In highlighting the recent shifts in labor structures, Standing (2016, 23) has noted that there is a difference between social income and basic income. Social income may include benefits such as health care, pensions, subsidized public transport, commons, and support from your family whereas basic income is one’s income from work. As workplace cultures and policies around work have become increasingly neoliberal, social income and basic income have been declining. However, in economic measures of income inequality, social income is often disregarded. Standing (2016) argues that measures of economic inequality are often inaccurate because social income is declining more rapidly than basic income, leaving many people without the support and services that they need to live a healthy life. Today, the majority of Europeans (60 percent), Canadians (69 percent), and Americans (58 percent) believe that their children will be worse off in society than they are (Stokes 2017). This statistic reflects the lack of optimism that people have about the future as wages stagnant and social income declines.

Standing (2016, 27) argues that social income is especially declining for the precariat, a new class of workers who lack social and economic stability and job security. This class is characterized by a lack of protection from arbitrary dismissal from their employment and few opportunities to gain new skills and training. Additionally, Standing argues that this group is highly de-politicized. The precariat, therefore, has no collective voice and no established union or political party to which it is likely to turn (Standing 2016, 29). This group largely consists of interns, migrants, service workers, part-time and temporary contractors, and independent contractors (Maiti et al. 2013, 509). The lack of political, social, and economic protection often leads to poorer mental health than individuals with more stable work. For example, Standing (2014, 33) argues that the precariat experiences anger, anxiety, alienation, anomie, all of which present challenges to mental health.

Similarly to Standing, other scholars have noted that the fragmentation of labor, and a lack of autonomy, can have detrimental effects on worker morale. Limonic and Lennon (2017, 227-230) have found that factors that determine the effects of work on mental health include control over one’s work, ability to self-direct, control over others, organizational control, the level of demand in a job, future opportunity, and complexity of work. These factors aid morale because they lead to greater agency and a sense of independence over one’s work. For example, when employees experience high demand but little control over their work environment, this can result in poor mental and physical health (Limonic and Lennon 2017, 229). Physical health can be impacted by a lack of protection of bodily integrity at work which is reflected in components such as temperature, noise, illumination, vibration, danger, physical effort, and equipment design (Warr 1987, 170-172). All of these potential physical stressors from work environments can lead to poor mental health (Warr 1987, 172). Further, one’s mental health can have an adverse effect on physical health as it has been shown to lead to conditions such as early-onset cardiovascular
disease (Limonic and Lennon 2017, 229). This disregard for the health of individuals reflects how, under neoliberalism, democratic ideals and commitments are now subordinate to the project of economic growth.

Neoliberal Societies: Challenges to Leisure, Affiliation, and Social Support

Neoliberal development has contributed to a decrease in the amount of leisure time available to people, an inequitable focus on social connections to secure material needs, and a rise in ‘responsibilization.’ Labor intensification has had a significant impact on social connections for many people. And, because social connection is intrinsically tied to mental health, this impacts the overall emotional well-being of a population. This intensification happens for a variety of reasons. First, many people are holding multiple jobs because they want to create a sense of insurance against the precarious labor market, and potential decreases in social income (Standing 2014, 205). Secondly, many people have to spend more time looking for and gaining qualifications for potential jobs and engaging in other self-investment types of activities, especially among the precariat (Brown 2015, 22; Standing 2014, 206). This excessive labor can create negative health problems (Standing 2014, 205). Additionally, Standing (2014, 212) argues that “this is not a social climate conducive to capability development; it is one of constant dissatisfaction and stress.” This distressing system of labor often leads to people being so exhausted from work, that once they finally have time for leisure they turn to social media and television because they require no energy. These forms of entertainment have been shown to interfere with one’s natural desire for meaningful, face-to-face social connection, and to ultimately have a depressing effect (Hari 2017; Newport 2019; Standing 2014, 218).

Restful leisure time is essential to the development of one’s capabilities and healthy well-being. Martha Nussbaum (2011, 32) puts forth a list of capabilities that she argues a government must secure in order to be minimally just. These capabilities are intended to capture what makes a life worthy of human dignity. The capability of play is defined as “being able to laugh, to play, to enjoy recreational activities” (Nussbaum 2011, 33). That being said, as many societies adopt neoliberal mindsets and policies, play is pushed aside for the project of economic growth. One example of this is in the significant increase in the average amount of time that American teens spend on education over the summer and the decrease in time spent on leisure activities from 2003 to 2017 (Livingston and Barroso 2019). From a young age, individuals are encouraged to make the most economically productive use of their time, often at the expense of mental health. Across society, Standing (2014, 200) argues that the amount of leisure time people enjoy has been rapidly declining. Increasingly, individuals are expected to do work almost constantly and now there is little distinction between work and play.

This lack of leisure time, along with shifts in labor towards greater fragmentation, impacts one’s sense of affiliation. Scholars of the capabilities approach to development argue that affiliation is one of the ten central capabilities (Nussbaum 2011, 34). This capability is often challenged in contemporary work structures that limit human connection. These trends are especially concerning because neoliberal policies have also constructed a precarious economic system whereby individuals must rely on social connections and capital in order to secure other material needs. Wolff and De-Shalit (2007, 55) have shown that affiliation, and the ability to build
relationships, may determine one’s ability to secure housing, find employment, and other material needs. Further, McKee et al. (2017, 4) argue that studies have shown that social relations, attitudes, and income can provide individuals greater resilience to economic challenges. Therefore, it is clear that a disruption of one’s sense of affiliation can create a feeling of social and economic precarity, and poor overall well-being (Flisfeder 2015, 554).

In line with neoliberal objectives, there has been a rise in states shifting the responsibility of serving the needs of individuals from public welfare programs to workfare. As states began to roll back social services in the 1980s, the allocation of funds going towards mental health services was impacted. This is exemplified as the United States increasingly puts the task of providing health services on employers. The privatization of care decreases access to mental health treatment and increases the vulnerability of a large amount of people with precarious employment. And, because companies are motivated to cut costs to maximize their profits, they often provide inadequate services. This is reflected in the quickly declining social income across the United States (Standing 2016). Teghtsoonian (2009, 31) argues that the government’s neoliberal commitments have placed the burden and blame of mental illness on the individual, a process which she calls ‘responsibilization.’ Similarly to Teghtsoonian, Wacquant (2010, 213) highlights this process of responsibilization as he argues that “the cultural trope of individual responsibility” is a key logic of neoliberalism. For example, a “good citizen” would take responsibility for their own problems. Further, Teghtsoonian (2009, 32) writes that the neoliberal state promotes the idea that mental illness is “originating in their individual bodies and psyches, rather than in the social and political circumstances of their lives.” This discourse, in combination with neoliberal forms of labor that create additional stress, allows states to avoid the harder work of addressing inequalities and systematic political structures that their population faces by making mental health an individual issue.

Neoliberal Politics: Implications for Mental Health

In addition to the impact of neoliberalism on economies and societies, it also has clear political implications that influence emotional well-being. Research has shown that unjust political structures, often exacerbated by neoliberalism, can have detrimental impacts on mental health. In line with the structural strain theory, many scholars argue that environmental stressors greatly influence the baseline mental health of a population. Thoits (2017, 135) writes, “mental illness is an adaptive response to structural strain… importantly, that blockage is not due to one’s own inadequacies but to the structure.” While some stressors persist across regions and cultures, they can also differ significantly based on if one lives in a wealthy, industrialized country or a low-income country. Prevalent stressors in industrialized nations include oppression of minority groups, shifting economic structures, crowding in urban areas, and poverty (Lefley 2017, 161). In contrast, Lefley (2017, 160) writes that “the sequelae of colonialism, intertribal warfare, destabilization of once peaceful agrarian economies, and ravages of famine are some of the problems in the developing world that profoundly affect mental health.” An example of the negative impacts of political oppression in wealthy nations is in the emotional well-being of marginalized populations. Lefley finds that in the United States, the proportion of Native American and African American people who are admitted to hospitals for mental illness is higher than in other demographic groups. These groups historically, and still do, face forced
assimilation and discrimination which can have profound impacts on mental health (Lefley 2017, 150). These racial and discrimination based stressors persist in low- and middle-income countries as well. That being said, Lefley (2017, 154) reports that countries that experience sectarian violence, such as Israel, South Africa, and Nigeria, have disproportionately high ratios of projected lifetime risk of mental disorder. The stressors that people face in different political contexts can vary greatly. However, the introduction of a neoliberal ethos can exacerbate each of these stressors.

While stressors vary across different political contexts, neoliberal social and political structures contribute to mental illness around the world. Standing (2016) argues that rent-seeking occurs from the monopolistic forms of capitalism that have emerged since the 1980s. The architecture of rentier capitalism is global and includes intellectual property rights, subsidies for the wealthy (for example, cutting their tax rates), direct subsidies to owners of capital (write-offs, bailing out banks, and a lack of conditionality with bailouts). One example of the ways governments privilege corporations is clear in the 2008 financial crisis in the United States when social services were cut and banks received significant bailouts. Standing (2016) notes that within neoliberalism, falsehoods about austerity measures are perpetuated. Similarly to how there have been shifts towards responsibilization for mental illness, neoliberalism has also led to discourse that locates the problem of the financial crisis in the masses rather than in the larger system. Individuals are blamed for living beyond their means while corporations continue to engage in predatory and reckless financial practices (Standing 2016, 34). This language is used to justify the roll back of social services, predominantly including education and health services, all while banks get away with their behavior, thus, creating a moral hazard. Further, there is evidence that austerity measures have significant impacts on mental health and on a loss of social resilience within a community. McKee et al. (2017, 5) found that the Greek financial crisis, and the harsh austerity measures that were implemented, created a great sense of precariousness amongst the population which contributed to quickly deteriorating mental health of the population.

Similarly to how rentier capitalism arises when corporate interests are protected at the expense of citizens, austerity measures in times of economic crisis can have harmful implications for mental health. Austerity measures have been shown to create a sense of insecurity amongst populations and to put significant strains on emotional well-being (McKee et al. 2017, 5). When people feel as though they must fend for themselves, and have no safety net provided by the government, they are more likely to turn to more radical political ideals. McKee et al. (2017) discuss how austerity measures preceded support for the National Socialists (Nazis) in Germany. At that time vulnerable populations felt as though there was little support from the government and wanted somewhere to place the blame (McKee et al. 2017, 7). McKee et al. (2017, 7) write that there was a “clear association between the depth of austerity and the rise in support for the National Socialists.” This evidence that a sense of precarity in Germany is tied to populist political orientations, is very important to consider as neoliberal policies are currently increasing precarity (McKee et al. 2017, 8). Additionally, austerity measures have historically been imposed by the International Monetary Fund with the promise that they will contribute to development in low-income countries. However, evidence shows that one must be wary of these claims because,
Despite their intentions, neoliberal models of development have proven to harm the mental health of communities.

Because it is clear that neoliberal policies, and a sense of precariousness for workers that often accompanies them, present a challenge to mental health, governments must work to secure a safety net into the law. It has been shown that government policies intended to reduce social and economic precariousness improve emotional well-being. The mental health of a population is crucial to living a meaningful life. Mental health is what Wolff and De-Shalit (2007, 122) call a fertile functioning, a functioning or capability which has a multiplier effect and can positively or negatively impact all other aspects of one’s life. When there is a sense of vulnerability and a lack of government attention going towards citizens (because it is focusing on corporations under neoliberalism), there is ‘planning blight;’ because of insecurity it can be very challenging to plan in other aspects of life (Wolff and De-Shalit 2007, 69). McKee et al. (2017, 8) argue that Denmark’s ‘flexicurity’ model which seeks to provide an adequate social safety net to allow for people to feel a sense of security and freedom to move between jobs could be a promising policy shift. States must provide a sense of stability and secure the capabilities of individuals in order to achieve development which promotes the well-being of its population. Ultimately, states are the only institutions in society that can adequately address mental health from a structural level.

Conclusion

The rise of neoliberalism since the 1980s has greatly impacted the way economies, societies, and politics function throughout the world. Proponents of neoliberalism argue that such policies simply make society more efficient and productive, hence increasing the economic growth and material well-being of all. They claim that because individuals act as rational economic actors, this self-interest will create the best outcomes for all. Further, they would argue that the state is unable to effectively regulate the market and provide the goods and services that the market provides because it simply cannot consider the self-interest of all individuals in the way that the market does.

However, this paper has shown that despite the potential benefits of neoliberal policies, the negative trade-offs ultimately outweigh the positives when it comes to mental health. Economically, neoliberalism has led to more precarious labor, the rise of the precariat, and the decline of social income. This has signaled a shift towards a more unequal distribution of income and a rise in poverty. There has also been labor intensification while individuals are able to enjoy less and less time for leisure, play, and for building deep social connections and a sense of affiliation. This is especially harmful because many people are forced to rely on social connections to meet their material needs as the state has turned towards responsibilization in regard to mental health. The effects of neoliberalism can vary greatly across different cultural and political contexts. However, research shows that the rise of rentier capitalism and unjust social structures under neoliberalism can be highly detrimental to emotional well-being. Further, neoliberal policies such as austerity measures can lead to even greater political fragmentation and instability.
The literature indicates that when a neoliberal government shifts its focus toward corporate interests, this creates a lack of trust and a sense of insecurity in the economic, social, and political realms of society. Individual’s mental and material needs are sacrificed for the project of economic growth. Ultimately, a state’s pursuit of the neoliberal doctrine harms the emotional well-being and baseline mental health of a community. These findings indicate that an alternative to the neoliberal model of development is necessary. A model that focuses on enhancing the capabilities of all individuals has the potential to improve the emotional well-being of populations. Rather than relying on neoliberal approaches to development that sacrifice mental health to the project of economic growth, the well-being of individuals should be a central goal of development.
PART II:
The Trade-Offs of Neoliberalism: Capability Deprivation and Mental Health

In recent decades, as neoliberalism has risen in prominence, the world has seen the goal of development become the development of capitalism (McMicheal 2017, 298). However, this focus on capitalism is harmful to mental health. Neoliberalism has been on the rise since the 1980s when leaders in the Global North ardently advocated for the liberalization of markets and the privatization of services. This paper utilizes a definition of neoliberalism that comes from McMicheal (2017, 382): “a philosophy positing an individual instinct for economic self-interest, justifying elevation of market principles as the organizing principle of society, where private interest trumps the public good.” Essentially, under neoliberalism, every aspect of one’s life becomes framed in market terms that operate on the values of productivity and efficiency (Brown 2015). Neoliberal policies can include welfare reversal, trade liberalization, and the erosion of wages (McMicheal 2017, 129). Other examples include the privatization of health services and the deregulation of financial markets (Wacquant 2010, 213). Despite the growing evidence that neoliberalism does not enhance all aspects of well-being amongst individuals, it is highly prevalent in the language and policies of development.

Because of neoliberalism’s focus on the market, proponents of this ideology often look to economic measures of development to quantify progress. In their advocacy of market principles, neoliberals are willing to make trade-offs in order to benefit from the potential efficiency of unregulated capitalism. These trade-offs include: (1) increased precariousness in society, (2) the prevalence of neoliberal discourse and the pressures it places on individuals, and (3) rising inequality and a sense of deprivation in societies. This paper shows that these three dimensions of neoliberalism have negative implications for mental health. We must ask ourselves: are these trade-offs worth it?

Based on research looking at the impacts of neoliberalism on mental health, this paper argues that traditional economic measures of development fail to capture the actual well-being of populations, and particularly as well-being relates to mental health. In order to do so, this paper closely studies three components of well-being that are not measured in traditional measures of income: leisure, social connections and affiliation, and physical health. In looking at these factors of well-being, it is clear that the rise of precariousness, neoliberal discourse, and increases in inequality under neoliberalism have negative consequences. When these issues are considered through a lens of capability deprivation, it is clear that market-based approaches to well-being are insufficient. While it is important to prioritize material goods, insofar as they relate to basic needs, this should not come at the sake of well-being for others. A close consideration of each of these components shows that any meaningful change to the mental health of populations must challenge the rhetoric and policies of neoliberalism.

How to Measure Development Through a Lens of Well-Being?

This paper argues that measures of deprivation, rooted in the ideology of the capabilities approach, offer the best measurement of a population’s well-being, especially as it relates to
mental health. That being said, many scholars advocate for the use of financial measures, the Human Development Index, and different measures of capability deprivation. The most prominent measure of poverty and development that is focused on monetary dimensions is the gross domestic product (GDP). This measure is useful because it is systematic and clearly quantifies the productivity of a country. That being said, there are many flaws with traditional economic measures. For example, GDP measures productivity but does not measure the distribution of inequality. Therefore, as inequality increases in a society, these measures can become even more inaccurate in terms of representing the well-being of a population (Binder 2014, 1199; Klasen 2000, 56). This is problematic because GDP does not reflect the well-being, even when defined economically, of the entire population. Pogge and Pogge (2002, 214) argue that these measures can even incentivize countries to pursue economic growth without necessarily having to consider equity and distribution of gains. Additionally, GDP neglects things such as bodily integrity, play, or affiliation, that are not easily quantified but are important for people’s well-being (Nussbaum 2011).

The Human Development Index (HDI) is an alternative to GDP and other purely economic measures of development. Calculated by the United Nations Development Program (UNDP), this index measures a country’s development by three criteria: health, knowledge, and standard of living (Pogge and Pogge 2002, 213). The implementation of this measure was an immense win for the capabilities movement because it popularized a more holistic approach to development (Pogge and Pogge 2002, 213). One benefit of HDI, much like GDP, is that it provides explicit results of a country's development that can be compared with other nations (Robeyns 2006, 357). That being said, HDI can be a highly reductionist measure which critics say only includes a few arbitrary components of human life (Robeyns 2006, 357; Stewart et al. 2018). Therefore, HDI is not necessarily an objective measure of development that considers the capabilities of each individual.

Similarly to HDI, the goals of measuring capability deprivation are to capture the aspects of one’s well-being that are not easily quantified yet remain important for a happy life. Rather than looking at what monetary outcomes a policy may have, measures of subjective well-being and the capabilities approach seek to ask questions like how satisfied people are with their lives. The philosophy behind the measures of subjective well-being is the capability approach. Strengths of the subjective well-being approach are that it evaluates the success of policies and can encourage institutional change that is focused on the well-being of citizens (Binder 2014, 2000). However, these measures can also fail to consider what opportunities a person has. Binder (2014, 1198) has shown that this can allow for “hedonic adaptation,” or the idea that people can adjust their expectations for their own well-being based on what is seen as possible. Such an adaptation can lead to inaccurate representations of what opportunities individuals might have.

While measures of subjective well-being are based on the philosophy of the capabilities approach, the capabilities approach goes a step further and questions what capabilities or opportunities a person has rather than looking at their functionings (Binder 2014, 1198). Nussbaum (2011, 25), a prominent scholar of the capabilities approach, defines a functioning as the fulfillment of capabilities or as the beings and doings that can come from having capabilities. So, one may have the capability of satisfying their material needs and having access to food, but
they may choose to fast for religious reasons. Regardless, they still have the capability to eat — this is fundamentally different from someone who has no access to food. This distinction between functionings and capabilities reflects the capability approach’s emphasis on human freedom (Nussbaum 2011, 26). Because of the capability approach’s focus on opportunities, it does not allow for the problem of hedonic adaptation (Binder 2014, 1203). However, a weakness of the capabilities approach is that it does not prioritize functionings when all are not possible (Binder 2014, 1198). While different measures of capability deprivation have their own weaknesses, these measures remain important because they consider the non-market based aspects of people’s lives that significantly impact their well-being. And, because well-being is central to development, these measures of deprivation can indicate what actions to take.

One example of the importance of the capabilities approach is in Alkire’s (2002) study of small-scale development projects in Pakistan. Measures of development focused on capabilities can be utilized to effectively assess development projects, to debate policies, and to identify both the poor and the deprived in advanced and developing economies alike (Robeyns 2006, 360). Alkire (2002, 1) compares economic analyses (cost-benefit analysis) with systematic qualitative information in order to understand how three different small-scale development projects in Pakistan impact the community. Ultimately, Alkire (2002) finds that a goat-rearing project was the most successful, being both income-generating and having positive social outcomes. In contrast, a literacy project did not really have positive economic outcomes but it did impact women’s sense of empowerment and knowledge. This analysis of the development projects based on a capabilities approach reveals the benefits of projects that are not captured in purely economic measures.

The acceptance of the capability approach into policy has promising implications for the mental health outcomes of populations around the world. Now more than ever, mental health must be addressed in relation to development work. The urgency of the situation is reflected in the fact that depression is currently ranked third in the global burden of disease, and expected to be ranked as first by 2030 (WHO 2010, 2). Fortunately, these issues are gaining recognition from governments and international institutions. Former WHO Director-General, Margaret Chen has said:

Poverty and its associated stresses, such as unemployment, violence, social exclusion and deprivation, and constant insecurity, are closely linked to the onset of mental disorders…. care for these highly prevalent, persistent, and debilitating disorders is not a charity. It is a moral and ethical duty. It is a pro-poor strategy. It makes good economic sense. And it is entirely feasible. (WHO 2010, 8)

This quotation reflects the need for a pro-poor development strategy with a focus on mental health. While neoliberal pressures to constantly be productive impact the mental health of individuals at all income levels, the poorest in society face the worst mental health outcomes. Therefore, such a development strategy is pro-poor because there is a cyclical relationship between mental illness and poverty (Patel and Kleinman 2003, 612; WHO 2010, 3). For people who face common mental disorders like depression and anxiety, it is often more challenging to find and maintain work. This can lead to greater poverty which can exacerbate depression and anxiety even more. That being said, a pro-poor development strategy that pursues inclusive
growth must rely on data that reflects where and why capability deprivation is occurring so that policymakers and non-governmental organizations can fund programs that effectively address these issues (Patel and Kleinman 2003, 609).

This paper shows that measures of deprivation better capture the dangers of neoliberal policies than traditional measures of poverty. This close study of different components of well-being demonstrates that the mental health of populations is at stake when governments and international institutions pursue economic growth at the expense of other aspects of one’s life.

The Importance of Leisure Time to Well-Being

The amount of leisure time that people enjoy is challenged by the profit-maximizing ethos of neoliberalism. This is exemplified in the United States where productivity and efficiency are especially culturally valued. The average annual hours worked per capita lies at 877 in the United States whereas it is just 535 hours in France (Ingraham 2016). And, while leisure is not included in traditional measures of development, it is included in many measures of capability deprivation and it can have significant implications for mental health. Richardson et al. (2017, 1501) argue that time poverty, or the lack of adequate time to relax and do what you enjoy after completing necessary tasks, can act as a social determinant of health outcomes. That being said, the negative consequences of neoliberal policies have created greater precarity in society, a neoliberal discourse of productivity, and inequality in society. Each of these negative dimensions of neoliberalism reduces the amount of leisure time people enjoy and can have harmful effects on mental health.

Leisure time is threatened by neoliberal policies, as they have led to a decline in welfare services that are available to people and a decline in worker protections (Standing 2016, 23). With these shifts, there have been stagnating wages and less stable employment opportunities (Standing 2016, 29-32). Because of this, people increasingly have to work multiple jobs in order to meet their basic material needs. Inevitably, this labor intensification limits the amount of leisure time that individuals can enjoy. Research has shown that a lack of leisure time is harmful to the emotional well-being of individuals (Goodman 2017, 4).

In addition to the rise in precarity under neoliberalism, the philosophy of neoliberalism also creates an ethos of constant productivity. This pressure to constantly be productive pushes people to spend their limited leisure time to increase their market value. This self-investment can take the form of using free time to gain qualifications for work or to look for more stable work in an increasingly precarious labor market (Standing 2014, 206). Another form of this self-investment is in one’s online presence. Flisfeder (215) makes the argument that social media allows, and encourages, for people to constantly be at work. He states that the distinction between work and leisure is blurred as people constantly manage the “Self,” defined as the objectification of the subject, or the individual person (Flisfeder 2015, 561). People willingly use their leisure time for more work because it allows them to increase their social, symbolic, and cultural capital. Socially, people can gain more social connections — even if they are superficial relationships. Additionally, one may gain greater knowledge and increase their cultural capital as well as improve their reputation and improve their symbolic capital (Flisfeder 2015, 560). While there
are clear benefits in terms of capital accumulation from this use of social media, it also allows for the constant commodification of individuals (Flisfeder 2015, 554). In a summation of his argument, Flisfeder (2015, 556) writes,

I argue, instead, that the objectivization, and hence the commodification, of the Self in social media functions as an additional form of unpaid free labor in contemporary neoliberal capitalism. Self-promotion is simply an added aspect to the neoliberal ideology of entrepreneurialism, and social media provide the space that facilitates its operation.

This quotation illustrates that under neoliberalism individuals are pressured to utilize their limited leisure time to increase their human capital for the market. Such a shift negatively impacts the mental health of populations as they are largely unable to utilize the central capability of play.

In addition to how social media encourages constant self-improvement, it also leads many people to have less fulfilling leisure time (Standing 2014, 218). Newport (2019) finds that the high prevalence of social media can lead to solitude deprivation, or the lack of time for people to be present with their own thoughts. Over time, the passive consumption associated with social media can be extremely detrimental to mental health. Further, numerous studies have shown that spending time on social media is far less beneficial to mental health than engaging in activities that cultivate meaningful social connections (Hari 2018; Newport 2019).

As individuals around the world experience economic insecurity and the pressure to constantly increase their market value, they also face the fact that they may not ever reach economic stability. Because of the prevalence of social media, in combination with growing income inequalities, people are forced to face those at the top of the socio-economic ladder and reckon with how different their lives look. All the while, they are encouraged to use their leisure time to be productive in a system in which it is unlikely they will ever succeed. This lack of opportunity, constant pressure, and passive consumption within neoliberalism is extremely detrimental to mental health. Yet, traditional economic measures of development do not capture that emotional well-being is at stake when countries prioritize economic growth without consideration over non-market capabilities.

The Role of Social Connections and Affiliation in Determining Mental Health

As neoliberal policies have been implemented globally, and international institutions and governments have relied on markets to create positive outcomes, there has been a decline in meaningful social connections around the world. The rise in precarity, the discourse of neoliberalism, and growing inequality — each a negative trade-off of neoliberal policies — have been damaging to social connections and affiliation. A society which lacks meaningful social connection amongst members of the population can have significant implications for mental health. Nussbaum (2011, 34) includes affiliation in her list of the central capabilities that a government must protect in order to be minimally just. Furthermore, Patel and Kleinman (2003, 611) include the importance of social connections in their definition of security “as stability and
continuation of livelihood, predictability of relationships, feeling safe and belonging to a social group.” Factors including social isolation, sense of trust, friendship, religion, social class, ability to have support if needed, and more can have significant impacts on one’s emotional well-being (Stiglitz et al. 2010, 81). Overall, those with greater social connections report higher life-satisfaction and less capability poverty (Stiglitz et al. 2010, 80; Yanhui and Ziyu 2017, 104).

As previously discussed, increased precarity limits people’s ability to enjoy leisure time. And, because of this lack of free time, individuals are unable to cultivate meaningful social connections which contribute to well-being. In addition to the impact that precarity has on social connections and affiliation, the neoliberal value of competition is not conducive to healthy human relationships. When people are in constant competition to succeed, relationships are more likely to be superficial and contingent upon mutual benefits than on non-market values such as love. Individuals who are deemed to have less market value, often marginalized populations, are generally more likely to experience poor mental health (Lefley 2017, 150). Ultimately, neoliberal policies are harming social connection and affiliation, and therefore are having negative implications for mental health.

In addition to the general impact that affiliation and social connection have on mental health, inequality in societies can create heightened stress around the social realms of one’s life. Similarly, studies have highlighted the role that social connections and affiliation play in determining emotional well-being. In a study of existing literature that related to poverty and common mental disorders, Lund et al. (2010, 517) find that variables such as social status are strongly associated with common mental disorders. This can be related to the sociological concept of the deprivation hypothesis which posits that individuals will feel deprived if they believe that they are worse off than the people around them (García-Muñoz et al. 2019, 2). Under neoliberalism, inequality has been increasing around the world, therefore exacerbating social stresses for many people who compare their lives to those around them and those who they see in the media. García-Muñoz et al. (2019, 2) argue that this inequality can create status anxiety, social distrust, changes in perceptions of social status, and political instability. Similarly, Yanhui and Ziyu (2017, 104) write, “social inclusion domain, both social equality and the social identity factor show negative influence on capability poverty, that is, people living in a society that is more equal and receptive will get a lower capability poverty factor score.” This quotation illustrates the harmful impacts that inequality in society can have on one’s sense of social connection and affiliation. Therefore, the project of economic growth must be balanced by adequate social services, meaningful attention to capabilities, and policy change so that a neoliberal form of development does not create greater suffering in societies.

**Physical Health: Barriers and Opportunities for Improving Mental Health Outcomes**

Physical health, much like leisure and social connection, is not directly included in traditional measures of development, but can significantly impact the emotional well-being of populations. Nussbaum (2011, 33) includes “bodily health,” defined as being able to have good physical health, in her list of the ten central capabilities that must be secured for all individuals. However, measures of health can diverge from conventional economic measures. For example, France has a lower GDP than the US but better health outcomes in many ways (Stiglitz et al. 2010, 68). For
Nussbaum, and for a growing number of development scholars, physical and mental health must be a central goal of development work. In a report on entitled “Mental Health and Development: Integrating Mental Health into all Development Efforts Including MDGs” the World Health Organization (WHO 2010, 1) highlighted the need for mental health to be addressed in order to reach the Millenium Development Goals (MDGs) that are set by the United Nations. One of the MDGs that WHO highlighted as specially related to mental health is goal number six, to combat HIV/AIDS, Malaria, and other diseases around the world (WHO 2010, 6). This shows that mental health and physical illnesses are often quite related, and can have significant impacts on development.

People’s physical illnesses and insufficient care for primary health can often be a barrier to emotional well-being for a variety of reasons (Roberts et al. 2020, 8). First, different forms of physical illnesses are often associated with poor overall mental health (WHO2010, 6). Further, poor mental health can then lead to worse physical health. One example of this is the prevalence of depression amongst people diagnosed with HIV. For these individuals, depression can actually increase their risk of disease progression and mortality (WHO 2010,6). Mental illness can also lead to conditions such as respiratory disease, stroke, diabetes, and heart disease (WHO 2010, 6). Finally, those who struggle with mental illness, whether or not it is a consequence of their physical condition, can be more likely to disregard their treatment which can lead to ineffective treatment and drug-resistant strains of diseases (WHO 2010, 6).

Neoliberal policies, and the precarity, the pressure to be productive, and the inequality that have accompanied them, have shown to impact physical health and mental health (Roberts et al. 2020, 6; Srivastava 2009, 1; WHO 2010). First, a lack of security in society creates the conditions in which physical illness can lead to great economic consequences. This can lead to despair and poor emotional well-being. Because a physical illness can diminish one’s productivity or market value, this can be a significant stressor for an individual in a largely neoliberal society. This also relates to the discourse of neoliberalism; that one must constantly work towards productivity and self-improvement. Physical illness can prevent an individual from being able to do so which can, in turn, harm their sense of identity. Additionally, because of neoliberalism’s focus on the individual as a market actor that is responsible for working hard to succeed, one’s mental illness or physical illnesses can be deemed as a personal failure. Finally, because of the inequality that neoliberalism often creates through the privatization of services, people around the world experience unequal access to health services. Rather than health being treated as a human right, under neoliberalism, it is viewed as a market good. This negatively impacts both mental and physical health and is not included in traditional economic measures of development.

Balancing Trade-Offs: Alternatives to Market-Based Development

As the previous sections have shown, neoliberal policies have not been particularly successful in supporting well-being through the promotion of leisure, social connections and affiliation, and physical health. Rather, research has shown quite the opposite. Because of neoliberal policies that have led to rises in precarity, the discourse of productivity, and increasing inequality, mental illness is a growing issue around the world. Simply put, the market, when left unregulated, has proven to be unsuccessful at improving well-being. That being said, the realization that there are
three key dimensions of neoliberalism that are especially harmful to mental health, allows for careful consideration of alternatives that can help to balance these negative impacts of neoliberalism.

First, the growing sense of precariousness in society can be addressed by improved social services. Neoliberal policies of the 1980s, and in the decades since have sought to roll back public welfare systems that provide security to populations. Today, there is a need to implement these services in order to improve the emotional well-being, and therefore the development, of societies. For example, public investment in infrastructure would allow people, and especially lower-income people, to commute to work in less time. This shift has the potential to reduce time poverty and enhance the leisure time and capabilities of individuals. In turn, having a greater amount of leisure time would benefit other capabilities such as that of affiliation. On a similar note, the expansion of publicly funded health services would allow greater access to those with physical illnesses. And, this paper has shown that better physical health, more leisure time, and more meaningful social connections have significant impacts on mental health. The trade-off for proponents of neoliberalism is that there would be greater state involvement in society, which they argue is less efficient than market actors.

However, a potential compromise for neoliberals and those who favor government intervention lies in the Danish flexicurity model. This model balances the flexibility of labor markets with the security of income. Essentially, Danish jobs have less protection but if people lose their job they still have the security of Denmark’s relatively generous unemployment system. Following the 2008 financial crisis, Bredgaard and Madsen (2018, 378-379) found that Denmark’s flexicurity model allowed the country to recover more quickly than other European nations from declines in employment. This example shows that welfare systems can increase efficiency by allowing individuals to move more freely between positions while maintaining the sense of economic security that is crucial to positive mental health.

Second, the harmful discourse of neoliberalism can be mitigated by a refocus on the importance of capabilities, rather than a single-minded focus on economic growth. The capabilities approach, by its nature, challenges the notion that efficiency and productivity are of the utmost importance, and that they are the best way to achieve positive outcomes in society. Neoliberal focuses on competition, efficiency, productivity, and the like can act as significant stressors for people because they limit capabilities. Therefore, a reorientation of society towards widespread acceptance of the capabilities approach as a useful measure of development would relieve the burdensome pressure on individuals to constantly improve their market value.

Finally, the drastic inequalities that have been created under neoliberalism can be addressed through policy change. One example of neoliberal policy is in response to the 2008 financial crisis in the United States. After banks had engaged in risky lending practices and then experienced bankruptcy, the government stepped in to bail them out. Then, the many people who had been receiving subprime mortgages faced debt and foreclosures on their properties. Essentially, regular people experienced the brunt of the crisis while banks got away with their role in creating the crisis. These kinds of neoliberal policies perpetuate inequalities by allowing wealthy bankers to get away with their risky behavior while everyday Americans were with the
consequences. This example is just one of many, that illustrates the importance of policy in shaping inequality around the world. Additionally, it is important to note that many of the inequalities that exist today are because of policies that limit the free market because they favor elites or multinational corporations that have an influence on governments. This relates to the 2008 financial crisis example because had the market truly been free, the banks that had engaged in risky practices would have simply been allowed to fail. That being said, eliminating policies that privilege corporations over true competition, inequalities can be reduced while improving the economic liberal value of market freedom.

While providing more comprehensive social services, utilizing the capabilities approach to development, and reforming policies that create inequality are all important to improve mental health, all of these changes are unlikely to happen at once. Neoliberalism has been successful in large part because of its simplicity, its philosophy maintains that free markets ensure the greatest economic growth and that the state is incapable of successfully regulating such a complicated market. However, such a simple philosophy has clearly overlooked many components of well-being. And with a more nuanced approach, there are ways for proponents of neoliberalism to address issues with mental health while adhering to principles of economic liberalism. For example, García-Muñoz et al. (2019, 1) find that income inequality only harms one’s sense of life satisfaction when they feel that they do not have any opportunities. In fact, income inequality can actually improve life satisfaction in low- and middle-income countries when people feel that they have opportunities to succeed in their society. García-Muñoz et al. (2019, 13) argue that it is essential that government seek to improve life satisfaction by “seeking measures that make it possible for individuals to achieve their goals based on their own merits would be a far more sensible strategy than focusing exclusively on redistribution, wealth or growth.” Overall, García-Muñoz et al. (2019, 13) make the claim that international institutions and governments should work to ensure that no country has high inequality, low opportunities, and is low-income. This finding aligns with the emphasis that the capabilities approach places on opportunities, or capabilities, rather than functionings. Further, this example shows that states need not completely turn away from the philosophy of neoliberalism in order to make some positive changes towards better mental health. That being said, this paper maintains that a shift away from neoliberalism and the discourse of maximum efficiency would most benefit the mental health of populations so long as an individual's basic material needs are met.

Conclusion

This paper has illustrated that neoliberal approaches to development do not necessarily alleviate the capability poverty that people face. While neoliberal policies can contribute to economic growth, which can have important material impacts on people’s lives, the distribution of this growth is often unequal. Rather, the elites in societies are accumulating the benefits of neoliberal policies at the expense of the well-being of the rest of the population. This paper has argued that this cannot be considered as sufficient development if people are suffering. And, as this paper has shown, neoliberal policies can have negative consequences on the well-being and mental health of a population.
This impact on well-being is not recorded in traditional economic measures of development. Important components of one’s life and to one’s emotional well-being such as leisure, social connection, and physical health, are not included in many traditional economic measures of development. Therefore, in order to truly pursue development, or to create meaningful change in people's lives, there must be a shift towards the capabilities approach to development. This approach offers a holistic consideration of well-being and can be used to more accurately measure levels of development in society.

As shown in previous sections by utilizing measures of capability deprivation it becomes clear that neoliberal policies create greater capability poverty around the world. This occurs as there are rises in precarity, the discourse of neoliberalism, and increasing inequality around the world. Going forward there must be a movement away from neoliberalism in order to increase the emotional well-being of all rather than solely relying on market principles and economic growth to alleviate suffering.
PART III: Informal Labor in India: The Impacts of Neoliberalism on the Emotional Well-Being of Communities

A close study of informal labor in India can help illustrate how precarity functions in low- and middle-income contexts. With approximately 93 percent of India’s labor force working in the informal sector, India provides a lens into how unregulated work impacts the well-being of its population (Agarwala 2009, 318; Bhattacharya and Kesar 2020, 5). While India’s percentage is especially high, its trend is similar to other less developed economies (Bhattacharya and Kesar 2020, 5). This paper studies India through the lens of structural strain theory, the idea that mental illness is caused by one’s environment (Thoits 2017, 133). The structural strain theory differs from the stress theory, which focuses on social stressors such as changes in one’s social connections, and labeling theory, which argues that labeling individuals as mentally ill, and treating them as mentally ill (Thoits 2017, 126-127). Because of India’s high rate of informal labor, it is a useful case to understand how informality in the labor market and a sense of precariousness in one’s life can impact people's overall emotional well-being.

The trends in India’s informal sector merit consideration of the impacts that such precarious work has on mental health. Around the world, unipolar depressive disorders represent a significant cause of disability-adjusted life year (DALY) (Das et al. 2009, 32). However, the recognition of this disorder as a disability differs around the world. In Western Europe, Canada, and the United States, mental illness and addiction are ranked as the first and second causes of disability when compared to other diseases amongst all age groups (Srivastava 2009, 1). For example, in Canada, mental illness accounts for 60-65 percent of disability insurance claims (Srivastava 2009, 1). Depressive disorders are also highly ranked as a cause of DALYs amongst low-income countries (Das et al. 2009, 32). However, India’s insurance sector does not address this as a disability (Srivastava 2009, 1).

As India embraced more neoliberal policies in the 1990s, in an effort to advance development, labor became more precarious for workers. While the shift towards neoliberalism may have had smaller impacts on labor relations in India than more formal economies like the U.S., this rise in job insecurity following the 1991 Indian financial crisis negatively impacted mental health (Agarwala 2009, 327-332). In response, informal workers have pursued different methods and means of unionizing and organizing for change. This paper argues that as India has faced domestic and international pressures to pursue more neoliberal policies, the project of economic growth has surpassed the project of development. Rather than focusing on an approach to development that prioritizes creating capabilities for individuals, since the 1990s India has largely pursued a narrow idea of development focused on economic growth. This has led to precarious and informal labor without protections which is harmful to mental health because of its economic insecurity, lack of physical health protections and services, and strained social connections. In order to advance the overall well-being of the Indian population, and in other low- and middle-income countries, states must focus on addressing mental health through social, political, and economic structures. Such a shift will better advance and secure the capabilities of individuals.
Historical and Contemporary Labor in India

While India has had a largely unorganized and informal labor market throughout its history, the percentage of informal workers and the protections they receive has fluctuated over time. Firstly, India’s labor market has inevitably been impacted by the legacies of British colonialism. Colonialism created a structural imbalance whereby India was exporting primary commodities to Great Britain. Colonial rule in India ended in 1947, and India’s first Prime Minister, Jawaharlal Nehru assumed power (Agarwala 2009, 324). Agarwala (2009) notes that labor movements in India, which called for the new Indian state to create a formalized and protected workforce, encouraged independence from Britain (Agarwala 2009, 326). Following independence, Nehru encouraged mercantilist policies and import substitution industrialization, or the production of goods that were previously imported (Maiti et al. 2013, 508). To pursue this form of industrialization in India, Nehru encouraged urban migration to grow a formal, capitalist workforce (Agarwala 2009, 324). While some scholars have argued that this protection of Indian industries from competition has hurt its economic growth (Maiti et al. 2013, 508), others claim that the more liberal, and then neoliberal, policies that followed did more damage (Agarwala 2009, 327; Agarwala 2013, 19; Giri and Singh 2015, 25).

Between the 1980s and the early 1990s, India shifted its policy towards export-oriented industrialization (Maiti et al. 2013, 508). However, by 1985 India faced debt as it had both a balance of payments deficit from importing more goods than it exported and from a deficit in government spending (Ahmed 2014, 191). Then, due to a financial crisis in 1991, India launched reform efforts to try to accelerate economic growth through the assistance of the World Bank (WB) and the International Monetary Fund (IMF) (Giri and Singh 2015, 21). During this same time period, governments around the world became more liberalized and globalized and the proportion of informal work increased (Agarwala 2009, 316). The WB and IMF strongly encouraged India to accept the Washington Consensus, which advocated for market liberalization in order to advance development (Giri and Singh 2015, 22). The policies of the Washington Consensus focus on fiscal discipline, free trade, privatization of state-owned businesses, the promotion of investment, and other similar measures to promote economic growth. Studies show that shifts towards more neoliberal policy have led to both economic growth and shifts in labor and welfare structures (Giri and Singh 2015, 22). For India, this meant pressure to prioritize private investors. To do so, India modified the Monopolies and Restrictive Trade Practices Act to allow more power for private companies and investors (Giri and Singh 2015, 23). Giri and Singh (2015, 22) state that proponents of neoliberalism argue that neoliberal policies will increase efficiency, accelerate economic growth, and therefore create the best outcomes for society. This did prove to be successful in terms of the influx of foreign direct investment (FDI) into the economy. FDI into India increased from 129 million U.S. dollars in 1991 to 13.1 billion U.S. dollars in 1994. By 2008, the inflow of FDI reached 41.7 billion U.S. dollars (Giri and Singh 2015, 24). While this economic growth over a relatively short time period is significant, there are critiques of the costs of this kind of growth.

Despite neoliberal intentions to improve outcomes in India, Giri and Singh (2015) find that job creation fared better in the pre-reforms period, from 1983-1993 than in the post-reform period
They argue that much of India experienced stagnant unemployment rates even as the economy grew:

in the period between 2004-05 and 2009-10, when the Indian economy witnessed almost ‘jobless growth’ as the overall elasticity of employment to grow in the Indian economy registered almost nil…despite the fact that the economy recorded historically highest economic growth (8.5 percent) during this period (Giri and Singh 2015, 25).

In sum, in the post-reform period, job growth (with the exception of the service sector) slowed and was not consistent with economic growth (Giri and Singh 2015, 25). This indicates that the majority of the Indian population was not necessarily receiving the benefits of the country’s economic growth (Marshall 2019, 55).

Further, Agarwala (2013, 19) notes that following India’s financial crisis in 1991, and the subsequent liberalization policies, the informal proletariat grew from 91 to 93 percent of the total workforce from 1993 to 1999. Additionally, the Indian government privatized its public enterprises, resulting in many regulated workers losing their jobs and having to move to the informal sector for work (Agarwala 2013, 19). Chan et al. 2019 make the argument that precarization has emerged because of shifts in workers’ power and older work structures, financialization, increases and technology, and globalization (Chan et al. 2019, 471). While India pursued liberal policies in order to promote economic growth, scholars have critiqued these efforts. Agarwala writes, “the continued presence of India’s massive informal economy can be attributed to the Indian government’s failure to address the structural and relational reasons for its existence within a capitalist system (be it colonial or independent)” (Agarwala 2009, 327). Essentially, Agarwala maintains that India’s economy encourages and relies on informal labor. Similarly, Marshal (2019, 55) notes that in Mumbai, the wealth accumulation of the elite has depended on the cheap, exploitative labor of lower classes. Additionally, the Gini coefficient, a measure of income distribution that describes a score of zero as perfect equality and a score of 100 as perfect inequality, shows that inequality in India rose from 32.7 in 1993 to 37.8 in 2011 (World Bank). The lack of protection and often difficult working conditions of this type of employment is ultimately harmful (Agarwala 2009, 327).

A lack of public services, in combination with very few secure employment opportunities, creates an environment where insecure, informal labor thrives. Informal work spans a variety of sectors and includes very different forms of labor, making a definition challenging. Maiti et al. (2013, 509) define precarious work as a form of labor with a significant amount of insecurity and instability in economic activities. They also state that precarious work can be performed by migrant workers, those experiencing irregular employment, in-house contracted labor, competitive work teams, and putting-out work arrangements (Maiti et al. 2013, 510). That being said, scholars studying the Global South generally use the terms informal and unorganized (rather than precarious) to refer to these forms of work.

In India, informal forms of labor and production are diverse, yet most forms of informal labor are highly unstable for workers. Bhattacharya and Kesar (2020, 6) argue that there are three different categories of labor and production in India. The first category is informal wage-labor, which is a
crucial part component in the process of capitalist production (Bhattacharya and Kesar 2020, 14). This form of wage-labor There is also non-capitalist petty commodity production (PCP) which is not hired work. This can include unpaid family labor based on kinship relations (Bhattacharya and Kesar 2020, 6). The labor of this form of production is not commodified and surplus value is created through the self-exploitation of producers (Bhattacharya and Kesar 2020, 8). The final category that they identify is subcontracted PCP which includes ‘putting-out’ and ‘non-put-out’ work (Bhattacharya and Kesar 2020, 12). There can be challenging power relations in this as well as a loss of autonomy for workers as they labor for large firms and yet do not receive the benefit of labor protections (Bhattacharya and Kesar 2020, 12). These forms of informal, and often precarious, labor in India can largely be attributed to establishments hiring fewer than ten workers, non-registered establishments, and workers who work in the formal sector but with short term contracts (Maiti et al. 2013, 507). While all of these forms of informal labor operate differently, each of them has greater elements of economic insecurity and a lack of physical health services and protections than standard formal employment.

While informal workers tend to have worse mental health outcomes, those more vulnerable informal workers face even greater challenges. Mosoeta et al. (2016, 13) discuss how intersectionality and how one’s social identity often influences their vulnerability in work. For example, in the U.S. the most precarious workers are often immigrants of color (Mosoeta et al. 2016, 13). In India, gender plays a role in one’s vulnerability and susceptibility to poorer emotional well-being. Srivastava (2012, 72) finds that proportionately more women are working as homeworkers in the manufacturing sector than men. This means that women, more often than men, work in the more vulnerable informal sector. Women may also do more housework than men which can lead them to feel isolated and to lack leisure time, social connection, and affiliation (Limonc and Lennon 2017, 232; Richardson et al. 2017). This form of unpaid, and often gendered, work leads to poor psychological health (Limonc and Lennon 2017, 232). Similarly to gendered work, one’s caste and religion can also impact how precarious their work is because of societal discrimination and a lack of worker protections in the informal sector.

Washington Consensus and the Rise of Neoliberalism: Implications for Mental Health

In addition to how neoliberalism has impacted the labor market, the mental health landscape in India has also changed in recent decades. From 1990 to 2017, the crude prevalence of common mental disorders including anxiety and depression increased (Sagar et al. 2020, 155). This is exemplified as the proportion of mental disorders to the total disease burden in India doubled during that time period (Sagar et al. 2020, 157). It is important to note that the more developed states in India experienced higher increases in these common mental disorders than less developed states (Sagar et al. 2020, 157). This can be attributed to the stresses associated with societal change, neoliberal policies, and the pressures of urbanization. Further, women in India tend to report worse mental health than men, especially for those who have experienced miscarriage, abortions, or other similar life events (Das et al. 2009, 44; Sagar et al. 2020, 157). In response to the growing burden of mental illnesses, the government implemented the Healthy India initiative in 2018 which has sought to integrate mental health services into primary care. That being said, the implementation of this program was largely unsuccessful and many people with mental illnesses do not receive adequate care. There is a significant treatment gap and less
than 15 percent of the Indian adults that have depression seek treatment (Roberts et al. 2020, 1). This treatment gap can be attributed to a low perceived need for treatment, the stigma associated with mental illness, the sense that mental health problems can only be solved with changes in economic and social circumstances, and a lack of awareness and services relating to mental health (Roberts et al. 2020, 5; Sagar et al. 2020, 158).

Insufficient services, in combination with neoliberal structures, can have harmful consequences. Recent scholarship has shown that a sense of precariousness in one’s environment can lead to worse overall mental health (Lefley 2017, 146; Mangalore et al. 2012, 155; Thoits 2017, 136; Warr 1987, 164). Scholars including Guy Standing have argued that in the Global North, with the rise of neoliberalism, labor markets have become more precarious, leading to worse mental health outcomes (Standing 2014, 33; Standing 2016, 27). Similar trends are reflected in India, as from 1990 to 2007 the DALY rate of common mental illnesses increased (Sagar et al. 2020, 155). During this same time period, India was pursuing greater liberalization. Proponents of neoliberalism recognize that there are trade-offs to neoliberal development and would argue that economic growth does lead to the best outcomes for society. For neoliberals, the deregulation of markets allows for the greatest efficiency and distribution of resources. While poor mental health may be a negative trade-off of this growth, India has also experienced economic growth which can benefit society. Therefore, a neoliberal would maintain that this outcome is better than a lack of economic growth and inefficient government spending. That being said, there must be greater attention to the consequences that neoliberal policies have had on mental health.

In India, informal labor is nothing new, but its contemporary manifestation presents new challenges to mental health. As this paper has shown, critics have claimed that India’s pursuit of economic growth through neoliberal policies has disregarded the poor and vulnerable in society. Today, informal workers face significant challenges to well-being by the nature of their precarious status in work and in society. This is exemplified as Agarwala (2009) writes that informal workers in India face a worse quality of life than formal workers. And, while approximately 60 percent of formal workers in India are covered by India’s social security program, only 4 percent of informal workers receive this coverage (Agarwala 2009, 332). This indicates that informal workers have a lack of a social safety net. Essentially, as the increasingly neoliberal state retreats from public interventions, this impacts social services and therefore mental health. Studies have shown that this lack of support negatively impacts mental health because of the immense economic stressors that people face (Mangalore et al. 2012, 150).

Roberts et al. (2020) found that many people described social and economic stressors as their central concern. People did not view themselves as ill but rather, they used the translated word of ‘tensions’ to describe the stressors in their lives (Roberts et al. 2020, 5). These tensions arise from things like poverty, family and marital stress (more prevalent among women), and health issues in the family. Further, many people were not receiving the few state benefits that were available to them. Roberts et al. (2020, 5) write that people were not receiving welfare programs intended to alleviate poverty such as the Below Poverty Line cards and programs intended to improve housing conditions. However, people are not having access to these because of village leaders failing to distribute benefits and because of strict requirements for eligibility (Roberts et al. 2020, 5). Additionally, many of the programs listed above are inadequate to meet the needs of
people who lack income security. This indicates that many people are experiencing stress attributed to their economic situation, which has worsened since India’s shift towards more neoliberal economic policies following the Indian financial crisis of 1991. When viewed through the structural strain theory’s approach to mental health, it is clear that these economic stressors which arise from neoliberal policies, create poor emotional well-being.

**Seeking Security: Advantages and Disadvantages of Contemporary Labor Movements**

Because of the immense stressors associated with informal work, throughout India, these workers are participating in labor movements to improve their conditions of work. Scholars have argued that this kind of mobilization is unlikely because of workers’ precarious position in society, but others have pointed to the impressive advocacy that has already taken place (Agarwala 2009; Mosoetsa et al. 2016, 16; Webster 2011). Agarwala (2009, 334) argues that labor organization has historically been successful in India and that India has a similar union density to high-income countries. However, it is debatable whether labor movements that operate within a more neoliberal structure are doing enough to offset the challenges of neoliberalism.

India has a robust history of unionism. Historically, there has been a lot of conflict regarding industrialization and its impacts on workers. These conflicts peaked in 1974 with the railway strike that included over 1.7 million workers and lasted 20 days (Marshall 2019, 61). The Bombay textile strike of 1982 is another example of powerful unions in India’s pre-liberalization period. In this strike, approximately 250,000 workers demanded higher wages and bonuses. The era of influential union efforts was diminished in the late 1980s and early 1990s as India shifted towards market liberalization (Marshall 2019, 61).

Today, as India pursues more neoliberal economic policies, traditional union structures have been critiqued for their representational gap in terms of the lack of workers, and particularly informal workers, that are represented and protected (Webster 2011, 114). Further, Guy Standing, a prominent scholar on precarious labor, has challenged the International Labor Organization by saying that it protects older models of employment, not contemporary realities (Webster 2011, 115). Webster (2011, 99) writes, “the growing informalization of work under neoliberal globalization has eroded the regulatory framework and undermined the standard employment relationship that defined the role of trade unionism in the developed world in the second half of the twentieth century.” This quotation indicates that in the Global North, neoliberal policies have presented challenges to labor movements and unionization because they have lost structural power within the government (Webster 2011, 99). Agarwala (2013, 18), however, challenges this argument. She highlights the fact that between 1989 and 2005 union density increased by 3 percent in India (Agarwala 2013, 18). Ultimately, Agarwala (2013) argues that because of these shifts towards more unregulated work structures, workers have sought out unions in order to secure protection.

In this pursuit of security and protection, informal workers have sought to organize their collective power to make a change through two key avenues: traditional unions and new, alternative forms of unionism. There has been significant recent scholarship focused on how marginalized groups are working together to improve conditions of labor (Chan et al. 2019, 470).
There are two key strategies for organizing in India (Webster 2011, 102). The first includes utilizing already established unions that are now allowing informal workers to benefit from their involvement in class politics and their efforts to target employers for benefits (Webster 2011, 102). However, there has been some hesitance to accept informal labor into these traditional trade unions. Some key challenges of acceptance include perceptions of informal workers as not true workers because informal workers tend to lack a stable livelihood which makes it difficult for them to pay regular dues, and informal workers are often working in individualized spaces (such as in the home) or in mobile environments that make organizing a challenge (Weber 2011, 100).

Second, there have been new forms of organizing that utilize alternative forms of mobilization to represent and advocate for informal workers (Webster 2011, 102). These new groups may perform new functions such as skill training for individuals and providing access to micro-credit. Indian workers have advocated for alternate forms of unionism where membership is not tied to an employer (Agarwala 2009, 335). Rather than targeting employers, some new forms of unionism are focusing their efforts on purchasers (Webster 2011, 113). The Self-Employed Women’s Association (SEWA) and Mathadi Boards are examples of this (Webster 2011, 114; AND). SEWA originated in Ahmedabad, India in 1972, originally as a women’s union inside the Textile Labour Association, a union that Gandhi founded in the 1920s (Webster 2011, 105). Simply put, SEWA basically functions as a union and a cooperative which seeks to empower women. It does so by forming trade cooperatives to position women as owners of their labor (Webster 2011, 110). In many ways, SEWA works to disrupt supply chains, by eliminating the middle-man, to add value to the products that their members are producing (Webster 2011, 112). This market intervention differs from traditional trade unions by targeting purchasers of goods rather than employers (Webster 2011, 113). In doing so, SEWA provides greater economic security and social connections to its members which helps to improve emotional well-being.

Similarly to SEWA, the Mathadi Boards of Maharashtra, India illustrate alternative modes of organizing. Marshall (2019, 51) defines a mathadi as a worker who carries material on his head, shoulders, neck, or back. This type of work can often be incredibly demanding and can be unstable employment. Prior to the creation of Mathadi Boards, mathadi labor was extremely grueling and physically demanding work, very unstable and insecure work, isolating, and workers faced a lack of access to health services (Marshall 2019, 54). Fortunately, the creation of Mathadi Boards works to set labor standards and acts as hire agencies that prioritize the worker (Marshall 2019, 63). Marshall (2019, 63) indicates that the Boards regulate payments and work to create workers’ insurance, funds for education and hospitals, and to contribute to pensions for informal workers who would not otherwise receive these benefits. Overall, the Boards work to provide social insurance and security (Marshall 2019, 65). Marshall (2019, 71) describes the Mathadi Boards as a promising example of an alternative regulatory model, and this system has been expanded to other states.

While these new forms of worker organization have provided a sense of security, which positively contributes to emotional well-being, there are also challenges with these movements. Webster (2011, 102) presents the argument that some of these new forms of organizing are depoliticized and do not necessarily advocate for systematic change. Additionally, Gillan (2010,
14) argues that the “the neo-liberal prescription that the State should hand over many (welfare) functions to NGOs and civil society” is flawed (Webster 2011, 102). These critiques illustrate how civil society is forced to organize because of the lack of involvement from the state in terms of creating and securing capabilities for its population. And, while non-governmental organizations (NGOs) have had some small successes, they have largely been unable to implement widespread programs that make significant positive changes for mental health (Thara and Patel 2010). However, they have developed programs that are successful on a small scale. Thara and Patel (2010) argue that ultimately the state is the institution best equipped to meet mental health needs in India. Further, a collaboration between mental health NGOs and the public health sector can improve emotional well-being.

Critics of the reliance on NGOs and alternative forms of unionism highlight that this method of organizing puts additional burdens on the most vulnerable in society to demand social and labor protections while the state focuses its efforts on the project of economic growth. Because the benefits of national economic growth in India have not been distributed amongst the population, and because this growth relies on the exploitative labor of the lower classes, there is a need for the state to refocus the project of development on creating capabilities (Marshall 2019, 55).

Conclusion

This paper shows that India has faced pressures to pursue more neoliberal policies for the project of economic growth. Following the Indian financial crisis of 1991, India was encouraged by the WB and the IMF to adopt the Washington Consensus by liberalizing its economy. This did have positive outcomes as FDI increased and the country experienced exceptional economic growth. However, this growth came at a cost. For many, the shift towards more neoliberal policies led to more precarious and informal labor. Many of the social security programs that had been in place before the 1990s were eroded and people today experience a greater sense of precarity. This sense of precarity, largely caused by economic and social structures within neoliberalism, takes a toll on the emotional well-being of the population. And, because emotional well-being is crucial to fulfilling other capabilities, this inevitably takes a toll on the rest of society.

There have been promising efforts to mobilize traditional unions and more alternative models of unionism to protect informal workers and to create a social safety net. These forms of unionism have been successful in improving mental health insofar as they address economic insecurity, provide greater physical health protections and services, and offer a sense of social connections through community solidarity for informal workers. However, scholars have critiqued these efforts as essentially operating within a neoliberal system whereby the state acts as a tool of economic growth rather than for the well-being of the population. While the creation of Welfare Boards, Mathadi Boards, and SEWA have had huge benefits, they ultimately place the burden on workers to protect themselves rather than relying on the state. Overall, this paper finds that a large percentage of informal work does not inherently mean poor well-being. But, informal work without protections from the state has harmful consequences for mental health and overall well-being. In order to improve the conditions of labor for informal workers, which make up a staggering 93 percent of India’s workforce, the country must set aside the project of economic
growth for the project of development. This project of development must make its central goal to enhance and to protect the capabilities of all individuals.
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