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Gen-Z Socialism in the Digital Age: Contemporary Socioeconomic Perspectives, Policy Challenges, and Implications for Future Growth

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Generation Z (Gen-Z) refers to the demographic cohort born between the late 1997 and early 2012. As the first generation to grow up entirely in the digital era, Gen-Z has been exposed to widespread technological advancements, including smartphones, high-speed internet, social media platforms, and artificial intelligence from an early age. This digital immersion has enhanced their access to information, strengthened global connectivity, and increased awareness of economic, social, environmental, and political issues. Consequently, Gen-Z exhibits distinct behavioral and consumption patterns, characterized by greater technological proficiency, rapid information processing, and heightened engagement with global trends, making them an increasingly influential segment in labor markets, consumer markets, and economic decision-making.

The concept of "Gen-Z Socialism" does not imply that all of its proponents belong to generation-Z, nor does it suggest that socialist ideas are new has been novel in the sense that young people have always been on the left. Historically, younger generations have frequently demonstrated greater support for progressive and left-leaning political movements. Rather, the term describes a contemporary form of socialism that resonates with the digital age and is actively promoted by many young activists and political advocates. While some exceptions exist and some political figures have adopted more moderate positions in response to practical realities, several recurring

themes characterizes this perspective. **First,** many proponents of Gen-Z question whether economic development and growth automatically translate into improved living standards for the citizens. This skepticism often stems from the zero-sum perspective in which the success of people is achieved by loss of someone else in the society, thereby benefits of economic expansion leads to even distribution of wealth, and socioeconomic equality with no billionaires existing. **Second,** supporters advocate for greater government involvement in addressing social and economic challenges, often proposing that expanded public spending be financed through higher taxation of high-income individuals with large concentration of wealth. **Third,** there is a tendency to view certain private sector activities with caution, particularly when market outcomes are perceived to contribute to inequality, reduced affordability, or limited access to essential services.

The growing interest of many Gen-Z individuals in socialism is largely driven by concerns regarding rising living costs, housing affordability, educational expenses, healthcare accessibility, and income inequality. A noticeable characteristics of Gen-Z is its strong commitment to social justice, equity, and inclusiveness. Many young people support policies aimed at expanding opportunities and reducing structural barriers to economic and social mobility. At the same time Generation-Z demonstrates a strong appreciation for innovation, technology and entrepreneurship. Young individuals are increasingly engaged in digital entrepreneurship, technology-driven problem-solving, and the development of new business models. This combination of social consciousness and technological engagement suggests that Gen-Z in not solely focused on redistribution policies but is also actively contributing to economic growth, innovation, and the transformation of modern economies. Rent control policies may exacerbate housing shortages by reducing the incentives for private investment and new residential construction. Similarly, the relatively low profit margins observed in large supermarket chains, often criticized by contemporary socialist movements, are largely the result of fierce market competition, a hallmark of capitalist economies. Wealth taxes, if implemented excessively turn into confiscatory, potentially discouraging entrepreneurship, innovation, and capital formation (Free Exchange). Notably, the shortcomings of such of such interventionist policies cannot be assumed to be self-correcting. Historical evidence suggests that economies often experience prolonged periods of stagnation after adopting policies that weaken market incentives. For instance, several European economies have struggled with persistent low growth dynamics associated with extensive

regulatory burdens, while Argentina's long-term economic decline has frequently been linked to the emergence of Peronist-style state interventionism. Consequently, proponents of market-oriented policies argue that challenging the rise of what has been termed "Gen-Z socialism" is essential for sustaining economic dynamism and prosperity. In this regard, advocates of free-market liberalism should move beyond a defensive posture and articulate a more robust case for capitalism. Although many criticism of capitalism contain elements of truth, their cumulative effect has often obscured the substantial contributions of private enterprise to economic development, innovation, and rising living standards. Behavioral economics has demonstrated that individuals do not always act rationally; concerns regarding income inequality are legitimate; and globalization inevitably creates both winners and losers. Nevertheless, contemporary societies enjoy historically unprecedented levels of real income, life expectancy, and reductions in extreme poverty, outcomes that are closely associated with market-based economic system.

At the same time, governments must address the underlying socioeconomic concerns driving public dissatisfaction. The liberal concept of "abundance" highlights the need for policies that politicians should aim at providing affordable and plentiful housing, modern infrastructure and essential public services. Fiscal frameworks should avoid placing disproportionate burdens on younger generations, particularly through the financing of costly pension systems. Tax policies should also promote equality of opportunity by ensuring that economic advancement is driven by merit and productivity rather than hereditary privilege. Perhaps the most significant policy challenge concerns the economic disruption associated with rapid advances in artificial intelligence. On this front, some left-leaning Gen-Z advocates have proposed measures such as restricting data-center expansion and implementing government job-guarantee programs. Market-oriented policymakers, however, should develop more innovative and forward-looking responses. A balanced policy framework could combine targeted taxation, broader access to capital ownership, workforce retraining initiatives, and worker-support mechanisms to ensure that the benefits of technological progress are distributed more broadly while preserving incentives for innovation and economic growth.

In short, Generation Z represents a highly informed, technologically adept, and socially conscious cohort whose engagement with economics and social issues reflects a strong commitment to

addressing contemporary challenges. As Gen-Z increasingly assumes roles in the labor market, entrepreneurship, governance, and civil society, its preferences and values will have significant implications for future economic and institutional development. The transition from Generation Z to Generation Alpha further underscores the importance of fostering education, human capital, innovation, and responsible leadership. Through investments in education, technological advancements, and inclusive economic opportunities, policymakers can harness the potential of these emerging generations to promote sustainable growth, social mobility, and long-term economic prosperity, Ultimately, effective leadership and sound institutions will be critical in ensuring that the aspirations of younger generations translate into broad-based welfare gains and a more resilient and equitable global economy.

Artificial Intelligence and Economic Transformation: Opportunities and Challenges
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The global economy is currently undergoing a profound structural transformation, characterized as the 4IR (Fourth Industrial Revolution) with AI (artificial intelligence) serving as its principal technological catalyst. Throughout economic history, technological innovation has been a fundamental driver of productivity enhancement, capital accumulation, and key driver of economic growth. However, AI represents a qualitative departure from previous technological advancements due to its capacity to learn from data, adapt to changing environments, and perform complex cognitive data-driven decision-making tasks. By augmenting both physical and human capital, AI is reshaping production processes, labor market dynamics, and the organization of economic activity. Its diffusion across sectors has the potential to generate substantial productivity gains, improve resource allocation, foster innovation, and create new sources of comparative advantage. Simultaneously, AI-driven automation raises critical concerns regarding labor displacement, skill polarization, income inequality, and the widening technological division between advanced and developing economies. For developing countries such as Pakistan, the AI revolution presents a

dual-edged economic reality. On one hand, it offers unprecedented opportunities to accelerate economic modernization, enhance industrial competitiveness, improve public service delivery, and stimulate inclusive growth through digital transformation. On the other hand, limited technological infrastructure, inadequate human capital development, regulatory challenges, and constrained innovation ecosystems may impede the country's ability to fully capitalize on these emerging opportunities. Consequently, the economic implications of AI for Pakistan depend critically on the formulation of forward-looking policies that promote digital readiness, workforce reskilling, technological adoption, and innovation-led development.

At its core, AI constitute a General-Purpose Technology capable of generating productivity gains and economic value across a wide range of sectors. The effective adoption of AI can yield several long-term economic benefits. First, AI enhances production efficiency by optimizing decision-making processes, reducing operational costs, and increasing total factor productivity. Second, Investment in AI-related technological capabilities and innovation ecosystems can improve a country's attractiveness to foreign direct investment (FDI) by signaling technological readiness and competitiveness. Third, although technological advancements may generate short-term labor market disruptions, sustained investments in research and development (R&D) foster innovation led-growth, create new industries, and ultimately expand employment opportunities through the emergence of complementary occupations and skills, However, the economic gains associated with AI are not realized automatically. The diffusion of AI technologies is often accompanied by significant transitional challenges, as technological change does not translate into economic growth in a linear or frictionless manner. In short run, AI-driven automation can displace workers engaged in routine, repetitive, and low-skilled tasks, thereby increasing "structural unemployment" risks. Consistent with Schumpeter's concept of "creative destruction", AI adoption may initially stimulate economic activity and job creation in emerging sectors while simultaneously causing temporary employment disruptions as labor and capital are reallocated from declining industries to more productive ones. For developing economies such as Pakistan, the realization of AI-driven prosperity depends critically on complementary investments in digital infrastructure, technological capabilities, human capital development, and institutional readiness. Without adequate infrastructure and inclusive access to digital technologies, AI adoption may exacerbate the "technology divide", leading to unequal distribution of productivity gains and

widening income inequality. Consequently, policymakers must pursue balanced strategies that promote innovation while ensuring equitable access to technological opportunities, workforce reskilling, and inclusive economic development.

In conclusion, the diffusion of artificial intelligence constitutes a significant driver of structural economic transformation, offering substantial gains in productivity, efficiency, and innovation. Through the enhancement of total factor productivity, AI can stimulate investment, improve resource allocation, and contribute to long-run economic growth and employment creation. However, the transition towards AI-driven production systems may generate short-run labor market disruptions, including structural unemployment, and skill mismatches, and increased income inequality. Furthermore, disparities in technological adoption and digital capabilities may exacerbate existing development gaps between and within countries. For developing economies such as Pakistan, realizing the economic benefits of AI requires a comprehensive policy framework encompassing investment in digital infrastructure, human capital development, research and innovation ecosystems, and institutional readiness. By implementing proactive and inclusive policies, governments can mitigate adjustment costs and ensure that AI serves as catalyst for sustainable, equitable, and inclusive economic development.

Iran–Israel–US Tensions and Their Economic Implications for Pakistan: Inflation, Exchange Rate Pressures, and Energy Security Challenges
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The persistent geopolitical tensions among Iran, Israel, and the United States have intensified concerns regarding global energy security and macroeconomic stability, particularly for net oil-importing economies such as Pakistan. Recent developments have heightened the perceived risk of disruptions in the Strait of Hormuz, a critical maritime chokepoint through which a significant proportion of global crude oil exports are transported. Consequently, international oil markets have responded with increased price volatility and heightened uncertainty regarding future energy

supplies. For Pakistan, the economic implications of such developments are substantial. Given the country's heavy dependence on imported petroleum products for transportation, industrial production, agricultural activities, and power generation, any increase in international crude oil prices directly raises the national energy import bill. This deterioration in the terms of trade exerts pressure on the balance of payments, accelerates of depletion of foreign exchange reserves, and contributes to exchange rate depreciation. Furthermore, higher energy costs are transmitted throughout the economy via cost-rush inflation, increasing production and transportation costs and ultimately reducing overall economic efficiently and growth prospects.

The increase in fuel prices leads to economy-wide cost-push inflationary pressure that extends far beyond the petroleum sector. As energy constitutes a critical intermediate input in production and distribution processes, higher fuel prices raise transportation and logistics costs, increase industrial production expenses, and elevate the cost of electricity generation. In the agricultural sector, rising fuel costs increase the operating expenses of farm machinery, irrigation system, and the transportation of agricultural commodities. These higher input costs are subsequently transmitted throughout the supply chain, leading to upward adjustment in the general price levels. Consequently, periods of rising international oil prices are associated with accelerated inflation in Pakistan. The inflationary impact is further amplified when the Pakistani rupee depreciates against the U.S. dollar. Since crude oil and refined petroleum products are largely imported and invoiced in U.S. dollars, exchange rate depreciation increases the domestic currency cost of energy imports. This phenomenon is referred to as the "exchange rate pass-through effect" whereby fluctuations in the exchange rate are transmitted to domestic prices through imported goods, energy costs and production inputs. The combined effect of higher global oil prices and currency depreciation intensifies imported inflation, weakens purchasing power, and contributes significantly to overall inflationary dynamics within the economy. Furthermore, international reports have highlighted rising freight and insurance costs associated with geopolitical tensions in the Middle East, which could further elevate import costs and disrupt supply chains. Consequently, even a temporary geopolitical shock may produce persistent macroeconomic repercussions through exchange rate fluctuations, pressure on external account balances, heightened inflationary pressures, and increased uncertainty in domestic economy.

The severity of the situation is further evidenced by the policy measures currently being considered and implemented within Pakistan to curb energy consumption and mitigate external sector pressures. According to the reports in national media outlets, including Geo News, the government has begun evaluating a range of energy conservation initiatives aimed at reducing fuel consumption in the country. These measures include restrictions on commercial operating hours, with markets and shopping centers in several regions directed to close by 8:00 p.m. as part of a broader energy management strategy. Additionally, discussions regarding the adoption of remote work arrangements and online educational activities have emerged as a demand-side interventions intended to transportation-related fuel usage. From the macroeconomics perspectives these policy responses reflect growing concerns regarding Pakistan's vulnerability to external energy shocks and the potential deterioration of its balance of payments position. Substantial increases in global oil prices could exert significant pressure on the country's import bill, foreign exchange reserves, and exchange rate stability, particularly given its heavy reliance on imported petroleum products. The implementation of energy-saving measures therefore represents a precautionary policy response aimed at containing fuel demand, reducing external financing requirements, and mitigating the inflationary and fiscal consequences associated with prolonged disruptions in global energy markets. These developments underscore policymaker's awareness of the economy's structural exposure to imported energy shocks and external sector imbalances.

The ongoing Iran-Israel-United States conflict raises a significant macroeconomics concerns for Pakistan: whether an escalation of geopolitical tensions could trigger another episode of inflationary pressures and external sector instability. The risk is both plausible and economically substantial. In Pakistan the elevated energy costs would increase production and distribution expenses across sectors, generating cost-push inflation and potentially reducing overall economic growth. Persistent pressure on foreign exchange reserves could also constrain the State Bank of Pakistan's ability to stabilize the currency market, thereby increasing macroeconomic vulnerability. The magnitude of these effects, however, will depend largely on the country's policy preparedness and institutional response. While short-term stabilization measures may help mitigate immediate shocks, sustainable economic resilience requires comprehensive structural reforms. These include reducing reliance on imported fossil fuels, diversifying the energy mix, enhancing export competitiveness, strengthening external sector performance, and accumulating

adequate foreign exchange reserves. Consequently, the current geopolitical crisis should not be viewed solely as foreign policy challenge; it also highlights Pakistan's continued exposure to global commodity price fluctuations and external economic shock. In an increasingly interconnected global economy, geo-political conflicts in distant regions can also profound implications for domestic inflation, exchange rate stability, and the overall welfare of Pakistani household.

Pakistan's economic trajectory remain closely linked to developments in the middle east, particularly the evolution of Iran-Israel-US relations. Although recent diplomatic efforts and cease fire arrangements have eased immediate concerns in global energy markets, the region remains, vulnerable to renewed geo-political instability and supply-side disruptions. Any resurgence of conflict could trigger volatility in international oil prices and disrupt critical energy trade roots, especially the Strait of Hormuz, through which a substantial share of global oil shipments passes. For Pakistan, the key challenge is managing its structural dependence on imported energy. Future oil price shocks would increase the import bills, widen the current account deficit, place downward pressure on the Pakistani rupee, and generate imported inflation through higher fuel, transportation, and production costs. These pressures could undermine macro-economic stability, weakens house hold purchasing power, and constant economic growth. However, the current crisis also presents an opportunity for policy reform. Strengthening energy security through renewable energy investment, expending domestic energy resources, improving energy efficiency, diversifying export markets, and enhancing foreign exchange reserve buffers can reduce Pakistan's vulnerability to external shocks. Over the medium to long term, economic resilience will depend less on reacting to geo-political crisis and more on addressing the structural weaknesses that amplify their domestic impact. From an economic perspective, the Iran-Israel-US conflict serve as a reminder that Pakistan's macro-economic stability in increasingly shaped by global geo-political developments. Building more diversified, energy efficient, and export-oriented economy will be essential for safeguarding sustainable growth in an era of persistent international uncertainty.

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