**Inflation and mental health**

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Economists tend to focus on macroeconomic aspects when debating inflation. They delve into how monetary policy, government spending, and economic shocks affect inflation and vice versa. There has been little debate on the link between inflation and people’s mental health against a backdrop of distress, resentment, and stress fueled by economic instability.

In May, soaring food and gasoline prices, along with a weaker currency, pushed Pakistan’s headline inflation to 13.8 per cent, the highest level in more than two years. According to official data, food prices rose by 17.3 per cent, while transportation costs increased by 31.8 percent. The government’s recent move to raise fuel prices by Rs60 per liter in two steps will exacerbate the current price level. Other measures, such as hikes in electricity and power tariffs, will push headline inflation even more.

High inflation, which has struck most essential expenses and surpassed wage attainments, is a major source of concern for many people right now. At the present, economic uncertainty is inevitable, and it’s virtually a grin-and-bear-it condition. This begs the question: what effect does inflation have on our mental health or the social welfare of society?

A plethora of research studies have concluded that many people’s mental health has suffered as a result of the psychological repercussions of economic woes, which have been compounded by concerns such as joblessness and inflation.

Inflation is regarded as a long-term psychological source of stress since it adversely affects income levels within society and induces poverty, particularly in developing countries. When inflation is high, we get more anxious. Inflation also causes economic uncertainty, which has a negative impact on one’s mental health. This causes chronic stress.

Inflation is more than just a monetary phenomenon. People’s economic status is worsened as a result of the mental stress caused by inflation. Individual economic actions, such as how much to work, invest, and consume, are prone to be distorted as a result of such impacts on economic choices and perceptions. Impaired focus and weariness reduce work productivity, and the social stigma associated with mental illness may exacerbate the problem.

Because it coexists with health problems such as stress and heart disease, mental illness tends to raise the chance of devastating healthcare spending for people. Inflationary pressure can obstruct youth’s ability to learn and acquire skills, as well as aggravate gender inequity due to its higher prevalence among women. Mental illness in parents can have an impact on their children’s cognitive development and educational success, transient mental illness, and poverty down the generations.

As evidence of the preceding arguments, the Hanke Annual Misery Index (HAMI) placed Pakistan as the 39th worst country in the world in 2021. Professor Steve Hanke of Johns Hopkins University in Baltimore, Maryland, constructed the index, which he explains as follows: “In the economic sphere, misery tends to flow from high inflation, steep borrowing costs, and unemployment.”

The incumbent government is attempting to alleviate the suffering of the poor in various ways, such as providing a Rs2,000 per month subsidy to all individuals earning less than Rs40,000 per month to help them cope with inflationary pressures. However, the economists forecast that the impact of the inflation will be far more than the subsidies provided. In a nutshell, this will do little to alleviate people’s misery.

High inflation in Pakistan is induced by factors such as poor governance, a half-hearted implementation of competition rules, the existence of a significant informal economy, and a lack of political will to impose publicly fixed prices on critical products and services.

The government must resort to long-term economic policies for sustainable economic progress and strive to control prices by improving the capacity and capability of district management and price control cells all over Pakistan. An interdisciplinary study on the factors that link inflation and mental stress, as well as policy interventions on mental health, is critical.

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