

THE PSYCHOLOGICAL CAUSES AND CONTROL OF INFLATION

C. Sivanesan

(*S. L. Customs, Colombo 1.*)

The economic causes and control of inflation are well known, though different economists may emphasize different aspects. The demand-full, cost-push and monetary causes and the control through fiscal, monetary and income policies have been exhaustively analysed and prescribed. But in the recent decades, with the universal adoption of full-employment policies in the developed countries, there is no break to the inflationery trend through the periodic interventions of depressions and deflation.

A more integrated, inter-disciplinary approach is essential to find a cure to this universal problem and the psychological aspects plays a vital part in such a comprehensive analysis. The predominant place given to the profit motive, motivated by greed and envy and the craving of each group to increase its share of the total national income is the psychological root of inflation.

The psychological consequences are nervous strains and tensions, struggles and conflicts and the consequent increase of civilization diseases. Material goods are used excessively with wastage of resources, pollution of environment, without realizing a balanced high quality of life.

The cure is to realize a balanced high quality of life with optimization of the use of material goods and not maximization and the increasing satisfaction of non-material, cultural, artistic, aesthetic and social needs. Such a change in the general psychological attitudes, interests and motives can easily help to control inflation.