‘We can come out of it poorer, but better’

Kim Stephenson and Pradnya Surana on the importance of reframing our relationship with money

The economic changes resulting from the pandemic are likely to be unprecedented, and catastrophic for many – perhaps for the majority. The economy will be hit hard, with companies large and small folding. The knock-on effects of redundancies, the damage to Small and Medium-sized Enterprises and the consequent greater reliance on benefit (covering which there will be less tax income) will push almost everybody down the financial scale. It’s likely hundreds of thousands more UK citizens will become unable to afford basic elements such as food and housing. Davide Furceri and others, writing for the International Monetary Fund blog in May (tinyurl.com/ya59tetw), warned that pandemics leave the poor further behind.

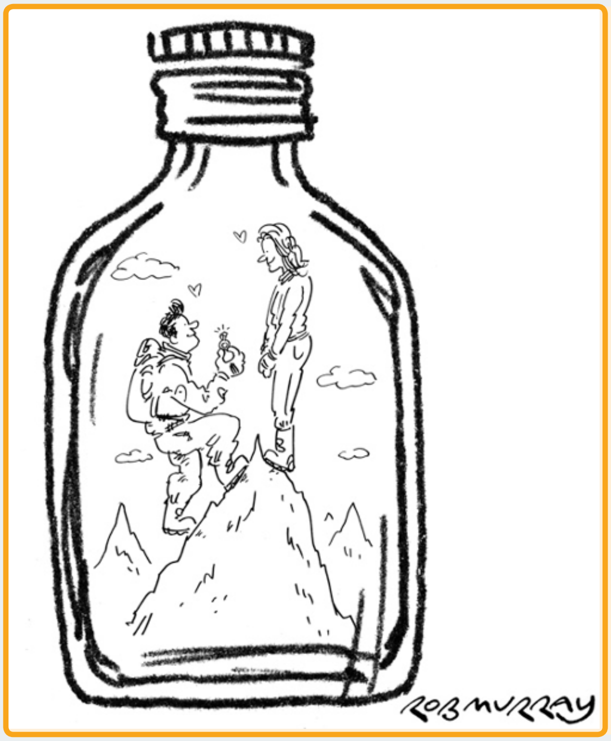
There won’t be the capital available for investment to rebuild businesses, let alone the infrastructure, benefit systems, transport etc. The situation arising from attempts to limit the spread of the virus – little public transport, few social gatherings – will give way to the same conditions that come from a simple lack of money. It’s a very serious problem, both in financial and psychological terms, for individuals, and for society as a whole. We will have less money, we can’t change that. Yet, if individually and collectively we try to do what the psychological research shows is the best thing to do, then we can come out of it poorer, but better.

The past

Despite the saying ‘money doesn’t buy happiness’, measures of status and success (both individual and national) are judged by external standards, rather than a self-reference to money as a means to the end of a fulfilling life. This is reflected in many classic papers in economics when the sole criterion is financial success; basic economic principles (that humans are selfish and logical) hold sway (Ackerlof, 1970; Hardin, 1968).

In those circumstances, the economics dictate that in any capitalist society there are a few ‘winners’ and many losers when there is a decline in material resources and money. Those that lose, and sink to (or remain at) the very bottom of the financial scale, have greater problems with mental health (which makes good decision making even harder) and have very little scope for errors in financial decisions (Elliott, 2016). The extra resources of those at the top of the scale allow them to make financial errors, to prioritise poorly and yet still avoid the harshest consequences of the economic downturn.

The majority, who are in the middle ground, theoretically have enough to fulfil all needs of life, if they can adopt the ‘positive psychology’ view of money as simply



‘First to get in touch were a pair of junior doctors, one working on a Covid ward at the Royal Marsden Hospital in Chelsea, the other at Kingston Hospital in Surrey. They yearned to hike back up to the top of Tryfan, a mountain in Snowdonia, where they’d got engaged the year before (theirs, it turned out, was one of many weddings that the virus had kicked into touch). Once cartoonist Rob Murray had drawn that inaugural “peak experience” and we posted it on Twitter – you can see the cartoon [see left] – other requests followed…’

Read more from Dr Kevin Dutton on the Bottle Moments project at https://thepsychologist.bps.org.uk/bottling-moments-vaccine-against-inhumanity a tool to aid a fulfilling existence. If they do this, and look to meaning and fulfilment, with money as a very useful tool, they will have greater wellbeing. This is irrespective of their actual financial position. In addition, they will use the money they do have in ways that increase their happiness, rather than cause them stress and anxiety. But with the existing emphasis on financial success as personal fulfilment, the middle ground are constantly in competition with their peers, forever trying to 'catch up'. This stress impacts upon their cognitive ability (Mani et al., 2013).

In theory, the wealthy have more than enough money. But their happiness and fulfilment in life depends more on what they choose to do with their money and how it aligns with their values, than on how much wealth they have (Diener & Oishi, 2000).

Crisis and continuation of the existing normal

With that existing normal, the consequence of the crisis is obvious. The wealthy will have less success, less money and less satisfaction. More of them will struggle to keep up. The number of poor people will increase dramatically, they will be under even greater pressure, and the incidence of mental health problems will increase. The majority will have less money, more stress, their decision making will worsen and they will be more likely to slide down into genuine poverty, with fewer psychological resources to get out again.

Whatever the details of change, that existing 'normal' of finance being about money and not psychology will mean that less money in the system – which is inevitable – means more misery, mental illness, dissatisfaction and poverty, both psychological (in terms of poorer function, cognitive and emotional) and financial (Elliott, 2016).

An alternative normal

To quote Viktor Frankl, 'The last of one's freedoms is to choose one's attitude in any given circumstance.' We can choose, as individuals and as a society, to cling to the (unsatisfactory) attitudes of the past regarding what financial wellbeing means. We can also decide to create, for ourselves and others, a different attitude based on the psychological research.

There is very limited research on dealing with money-related issues; therapists tend to give secondary importance to these issues, believing that money-related behaviours and irrational beliefs are not isolated psychic phenomenon but are integral to the individual as a whole (Goldberg & Lewis, 2000; Furnham, 2014). However, there are some psychological interventions that can improve financial and overall wellbeing. Cognitive Behaviour Therapy (CBT) can help to address negative emotions like guilt, shame, suppressed anger, or self-esteem issues by challenging thought patterns. Acceptance and Commitment Therapy can help in accepting the current financial situation without overreacting, reducing stress and anxiety. Everyone has the autonomy to change their perception from 'total panic' to 'cautious optimism' around money.

Perhaps the main point is that we must use what money we do have to work towards our true values. The current situation may be an ideal time to reflect upon what really matters: what we really care about, individually and collectively (Wong, 2010). Meaning therapy and logotherapy have the potential to support individuals and organisations navigate the existing or upcoming financial crisis and to help build a desirable future. Counting our blessings or being grateful for small luxuries can divert our attention away from the negatives of the situation (Desteno et al., 2014; Emmons & McCullough, 2003). We are all social beings; we can survive and flourish with each other's support. Pro-social spending, charitable acts (Surana & Lomas, 2014), and random or intentional acts of kindness can instantaneously improve subjective wellbeing and community spirit (Bellotti et al., 2013).

As psychologists, we are qualified to help individuals and society in this crisis: not simply by dealing with 'mental health', but also helping people to re-frame their concepts of finance and financial wellbeing (both national and individual). Currently, 'money' is a source of stress, competition (in a zero-sum game) and dissatisfaction. It could, if psychologically re-framed, be an opportunity to have greater wellbeing and joy in life.

We can mourn the fact that we were used to the way it was: that we crowed over our successes, measured our performance relative to others, got stressed when we were outperformed in material terms and so on. If we stick to that, then less money means more misery, and we all mourn, bargain, deny… but eventually we have to accept. Or we can view this as a rather scary and unpleasant opportunity to make things better. In the shorter term, if we focus on values, we don't feel so unhappy, and we make better use of the money we've got. In the long term, maybe when we get more money again (as we will do, at some point), we'll then be better set to use the money we have to make the world better, and to be much happier, more fulfilled, more socially useful.

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Both authors are contributing to the British Psychological Society's 2020 theme 'From poverty to flourishing.

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