

Paycheck to Panic: Global Mental Health Consequences of Rising Unemployment and Inflation – A Systematic Review

Kriti Malani

The Hyderabad Public School, Begumpet, Hyderabad, Telangana, India

Abstract

Economic instability has become a recurring reality worldwide, with rising unemployment and inflation placing steady pressure on everyday life. These economic shifts do more than strain finances; they also shape psychological well-being in meaningful ways. This systematic review brings together research published between 2000 and 2025 to examine how unemployment, inflation, and financial strain influence mental health among adults. Using searches across PubMed, ScienceDirect, and Scopus, 48 studies were identified and synthesised narratively due to significant methodological variation.

Across countries with both strong and limited economic resources, unemployment and job insecurity repeatedly showed strong links to higher levels of depression, anxiety, and general psychological distress. Inflation and escalating living costs further reduced purchasing power, created insecurity around essential resources, and intensified day-to-day mental strain. Vulnerability to these pressures was shaped by socioeconomic status, age, and gender, with younger adults, women, and informal workers bearing the greatest impacts. Altogether, the findings point to an urgent need for mental health support to be woven directly into economic and policy responses.

Keywords

Unemployment, Inflation, Financial stress, Economic instability, Psychological distress, systematic review.