Comedian Don Novello, better known as Father Guido Sarducci, used to do a bit about his “Five-Minute University.” In five minutes, he claimed, he could teach you all you’d ever remember about college five years after you graduate. The economics curriculum was limited to three words: “Supply and demand.”

He was right. Generations of college students have been taught the supply-demand model. It’s a powerful and widely applicable tool.

But in recent years, that tool has occasionally come up short when applied to labor markets. One of the more striking changes in economics has been the profession’s reversal on the minimum wage. Economists used to be strongly against it, but now they’re mostly in favor of it. What caused the reversal was a realization that a simple solution for a labor shortage: Raise wages! If too few people want to do a job at the current wage, then raising the wage will decrease employers’ willingness to hire and increase workers’ willingness to take jobs. If the wage rises high enough, the shortage disappears.

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If labor is scarce, why aren’t wages rising more?

Wage growth is still quite slow. In fact, once we net out inflation, the latest data indicate no increase at all since last year. For whatever reason, the labor shortages employers complain about aren’t placing much upward pressure on wages.

Economists have proposed various explanations for this puzzle. One has been to reverse the logic and argue that if wages aren’t rising, there can’t be a broad-based labor shortage. As one Federal Reserve official said, “If you’re not raising wages, then it just sounds like whining.”

Another possibility is that the labor market has been a buyer’s (i.e. employer’s) market for about 20 years, and companies haven’t had to work hard to find good candidates. They certainly haven’t had to raise wages much. If that’s changing, employers will adjust to the new reality. But according to this explanation, the adjustment has been slow.

Others have questioned the supply-demand model itself, in particular its assumption that employers are competitive actors with no influence on the market. There’s evidence that employers have more market power than in the past, which raises the issue of monopsony. Whereas monopoly involves a few sellers that restrict supply to force price upward, monopsony features buyers that restrict demand to force price downward.

How is this relevant to economic policy? Well, you can’t have a sustained inflation without a wage-price spiral, and you can’t have that without undermining the wage they’ve set. There’s a labor shortage, but it’s an illusion created by employers themselves, due to their influence over the labor market. It’s not the result of workers lacking skills or a desire to work.

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