



The Daily Dish

# We're All Supply-Siders Now

DOUGLAS HOLTZ-EAKIN | OCTOBER 13, 2021

## Eakinomics: We're All Supply-Siders Now

Former president Nixon is famously quoted as asserting that “we are all Keynesians now” to reflect the broad acceptance of government intervention for demand management of business cycles. (It turns out that this attribution is all [wrong](#), but I digress.) In the spirit of that remark, let me assert that the monthly labor market reports are steadily turning everyone into a supply-sider.

Certainly, the September [employment report](#) showed no weakness in labor demand. Employers were willing to pay more – average hourly earnings rose at an annual rate of 7.7 percent. Employers wanted workers to work more – the index of aggregate weekly hours rose at an annual rate of 10.0 percent. And the combination of workers, weekly hours, and workers – weekly payrolls – grew at the stunning annual rate of 18.2 percent.

Now, as it turns out, the top-line number came in at a disappointing 194,000 new jobs and this got the lion's share of the headlines. But that was heavily depressed by an anomalous decline of 144,000 jobs in local education. This is more likely a seasonal adjustment than reality (typically education employment would rise sharply in September; this year it may not have gone up the usual amount). By any other metric – including the household survey's 526,000 jobs and 710,000 fewer unemployed – labor demand was blistering hot.

Those workers who *are* in the labor market are seemingly calling the tune. Wages are rising rapidly and the most recent [report](#) on Job Openings and Labor Turnover showed “Hires decreased to 6.3 million while total separations were little changed at 6.0 million. Within separations, the quits rate increased to a series high of 2.9 percent while the layoffs and discharges rate was little changed at 0.9 percent.” The record high in quits (2.9 percent) stands out as evidence that workers are confident of finding the next job.