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Macro Roundup Artcile

Headline: The Unexpected Compression: Competition at Work in the Low Wage Economy

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Tweet: .@davidautor shows high school workers' wage growth overtaking college wage growth in the aftermath of the pandemic and argues that higher wages better reflect rising productivity as companies compete more intensively for workers.

Summary: For first time in four decades, wage inequality falling, due to rising lower tail. Despite inflation, real wages rising among young HS grads, 1st quartile workers. It's tempting to attribute this change to 'tight' labor markets—but what does this mean in practice? The simplest explanation is that labor markets are operating on a higher point on the labor demand curve. Evidence indicates this explanation too simple: Competition has intensified. Distinction is critical: Rising competition means higher wages that better reflect productivity and higher aggregate productivity — a double dividend.

Primary Topic: Wages/Income

Topics: Business Cycle, College, Database, Education, GDP, Graph, Inequality, K-12, Other Source, Wages/Income, Weekly, Workforce

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