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Why the Fed Must Cause More Pain to the Job Market to Fix Inflation

By [Megan Cassella](#) [Follow](#) Updated Dec. 2, 2022 7:15 pm ET / Original Dec. 2, 2022 6:50 pm ET

Or

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The biggest outstanding obstacle to the Federal Reserve's success in reining in inflation boils down to a numbers problem: There aren't enough workers in the U.S. Simply put, labor supply and demand need to come back into balance to contain wage growth and services inflation, which continues to climb.

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A combination of factors is contributing to the dearth of workers, from Baby Boomer retirements and falling immigration to a low birth rate and long Covid. Together, they suggest that shortages are here to stay.