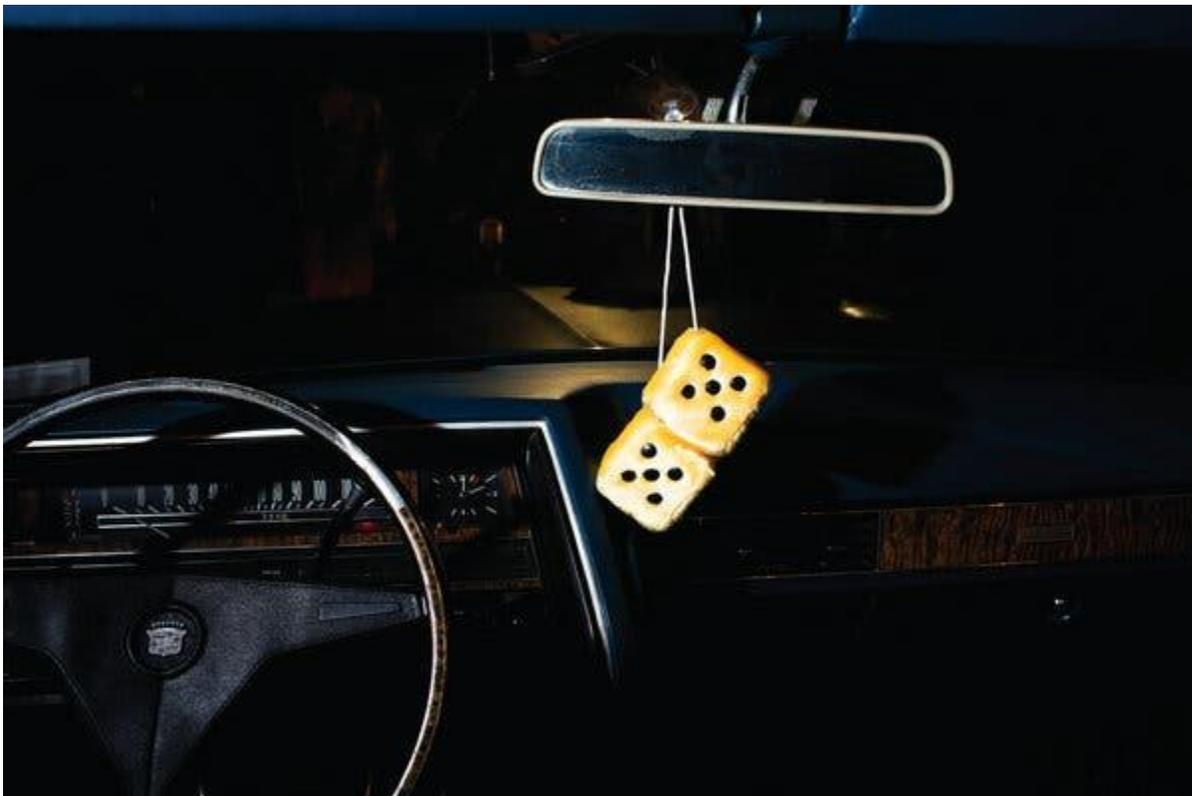


The Economy Is Spinning Its Wheels, and About to Take Off



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You're driving to an appointment, but you're running late, and you're stuck at a red light. Being a law-abiding citizen, you won't run the light, but you floor the gas pedal the second it changes.

And for a sickening instant — maybe because the pavement is a bit wet — your tires spin uselessly before they gain traction and your car lurches forward.

You say that this has never happened to you? Yeah, right. Anyway, [wheelspin](#) is a common phenomenon, and usually harmless. A few minutes after your awkward jack rabbit start you're driving normally, having mostly forgotten the whole incident.

Which brings me to the current state of the U.S. economy. The business news these days is full of anxiety. Raw material prices are soaring! Businesses can't find workers! It's the 1970s all over again!

Chill out, everyone. Mostly we're just experiencing the economic equivalent of a moment of wheelspin.

OK, there are some real issues involving current events that need discussing — and some of the continuing discussions, shockingly, involve serious debates among serious people. How much are [closed schools](#) and lack of child care keeping mothers out of the paid labor force? Are enhanced unemployment benefits making workers reluctant to take low-paying jobs?

And there are genuine questions about where we'll be next year. Might the economy start to overheat, forcing the Fed to tap on the brakes to head off longer-term inflation? I don't think that's the most likely outcome, but it's certainly a possibility.

Most of the scare headlines right now, however, reflect what you'd expect to see in an economy that's trying to go from 0 to 60 in seconds flat.

At the beginning of this year, the United States was still very much in the depths of the pandemic. Daily deaths were higher than ever, with Covid-19 taking more than [3,500 lives](#) in the country every day. Parts of the economy that depend on close physical contact were largely frozen: According to the restaurant booking service OpenTable.com, there were about [60 percent fewer](#) seated diners than there had been during the comparable period prepandemic.

Then came an extraordinarily successful vaccination campaign. Deaths have plunged more than 85 percent and are still dropping. As fear recedes, the economy is surging, in what may end up being the fastest recovery ever. For example, restaurant bookings are already almost back to normal.

Why would anyone imagine us able to achieve that kind of sudden acceleration without leaving a few skid marks, and maybe even burning some rubber?

So yes, sawmill operators, who expected a longer slump, got caught short, leading to sky-high lumber prices. Rental car companies, which sold off a large part of their fleets last year, are now scrambling to [buy vehicles again](#), helping to send used-car prices soaring. And so on.

What about those reports of labor shortages? Some of this is what always happens after a period of high unemployment: Businesses grow accustomed to having job applicants lined up at their doors, and get cranky when the buyers' market ends. Small businesses surveyed in [early 2015](#) reported a severe shortage of qualified workers; strange to say, the [employment boom](#) that began in 2010 still had another five years to run.

It is, let's say, hard to shed tears over employers complaining about potential hires who ask, "[How much do you pay?](#)"

Still, there is some real evidence, like the number of [job openings](#), that employers are having trouble hiring workers fast enough to meet soaring demand. And issues like child care are probably playing a role. There may also be a certain amount of "you can take this job and shove it" — some workers, especially those already close to retirement, may just not want to go back to the unpleasant, poorly paid work they had before.

Mainly, however, we're just seeing the problems you'd expect when the economy tries to roar ahead from a standing start, which means that we're calling on suppliers to ramp up production incredibly fast and expecting employers to quickly attract a large number of new workers. These problems are real, but they'll mostly resolve themselves in a few months.

So what do these probably temporary problems say about the longer term, and in particular about President Biden's economic plans? That's easy: nothing. Politicians gonna politician, and Biden's opponents are seizing on every negative bit of news as proof that his entire agenda is doomed. But none of it should be taken seriously.

Yes, labor supply issues may have held back April's job growth, although [more recent data](#) suggest a possible rebound. April inflation surprised on the upside, largely because of [used car prices](#). None of this tells you anything at all about how much we should worry about overheating, let alone how much more we should be spending on infrastructure and family support (answer: a lot) or how we should pay for these initiatives (answer: tax corporations and the rich).

So as I said, chill out. There is some bad news out there, but most of it is a temporary byproduct of extraordinary good news: The virus is losing, and the economy is winning.