



Evaluate the Evidence

Be Informed



Law of Supply and Demand

The Law of Supply and Demand Says:

When you have less of a desired product or commodity, the cost of said product or commodity increases.

Does This Just Affect Prices?¹

The law of supply and demand does not apply just to prices. It also can be used to describe other economic activity. For example, if **unemployment** is high, there is a large supply of workers. As a result, businesses tend to lower wages. Conversely, when unemployment is low, the supply of workers is also low, and as a result, to entice workers, employers tend to offer higher salaries.

Let's Compare Supply and Demand in California and Maryland²

42. Maryland

of Nurses in MD by 2030: 86,000

Projected Demand: 73,900

Difference: +12,100 (surplus)

Average RN Salary: \$73,200

1. California

of Nurses in CA by 2030: 343,400

Projected Demand: 387,900

Difference: -44,500 (shortage)

Average RN Salary: \$101,260

2018 projections show California having the largest shortage of nurses in the country. Economic principles support increase in wages to help offset the short supply. In Maryland, we are expected to have an overall surplus of nurses, so economically there is not the same need to increase salaries to meet demand. One must question, if salaries and benefits for nurses are so great in California, why is there such a shortage of nurses.

¹ <https://www.investopedia.com/terms/l/law-of-supply-demand.asp>

² <https://nurse.org/articles/nursing-demand-by-state/>

<http://www.StandWithHopkins.org>