

## **Monopsony and Labour Demand**

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Monopsony and labour Demand? might seem a contradiction in terms. After all, the static textbook model of monopsony has an outcome on the labour supply curve not the labour demand curve. One might think that someone who believes that labour markets are monopsonistic has to rubbish all the work that has been done on the econometrics of labour demand as to concede the validity of this work is to accept that employers do not have monopsony power.

But, this is misleading Monopsony and labour demand are not in contradiction with each other. Indeed there is a natural affinity between the view that labour markets are monopsonistic and dynamic models of labour demand. This lecture will explain why and outline a research agenda for using the idea of monopsony as a fruitful way to think about labour markets."