As 2015 begins, the reality of deficient global demand and deflationary risks in the world's major economies is starkly apparent. In the eurozone, GDP growth is slowing, and inflation has turned negative. Japan's progress toward its 2% inflation target has stalled. Even economies experiencing more robust economic growth will miss their targets: inflation in the United States will not reach 1.5% this year, and China's rate reached a five-year low of 1.4% last November.

In the advanced economies, low inflation reflects not just the temporary impact of falling commodity prices, but also longer-term wage stagnation. In the US, the United Kingdom, Japan, and several eurozone countries, median real (inflation-adjusted) wages remain below their 2007 levels. Indeed, in the US, real wages for the bottom quartile have not risen in three decades. And, though the US created 295,000 new jobs last December, actual cash wages fell.

The developing world is not doing much better. As the International Labor Organization's latest Global Wage Report shows, wage gains are lagging far behind productivity growth.

Because real income growth is vital to boost consumption and prices, central bankers and politicians are now in the novel business of encouraging wage increases. Last July, Bundesbank President Jens Weidmann welcomed the fact that some German companies had raised wages above inflation. Japanese Prime Minister Shinzo Abe has gone a step further, repeatedly urging companies to increase wages – and encouraging them to do so by reducing corporate tax. So far, however, jawboning has had little effect.

This failure would not have surprised the monetarist economists who observed the high inflation of the 1970s. At the time, many policymakers blamed rapid price increases on "cost push" factors, such as pressure from trade unions for excessive wage hikes. Finance ministers and central banks frequently urged wage moderation, with many countries even introducing formal policies governing wages and prices.

But these policies proved largely ineffective. Instead, it seemed increasingly clear that, as Milton Friedman put it, "inflation is always and everywhere a monetary phenomenon." If nominal demand grows faster than real potential growth, inflation is inevitable; and nominal demand growth can be constrained only through a mix of fiscal and monetary policy. Indeed, inflation was finally crushed in the early 1980s, when central banks raised interest rates to whatever level was required to constrain nominal demand, even if it led to high transitional unemployment.

But, though central banks claimed credit for the "Great Moderation" of global inflation that followed, structural factors (which determine the intensity of cost-push effects) also played a crucial role. For starters, the entry of China's massive labor force into the global market economy changed the power balance between capital and labor in the advanced economies. Trade unions' membership and influence declined sharply, owing to increased global competition and, in some countries, deliberate legal reforms. Minimum wages, particularly in the US, were allowed to fall relative to median incomes.

More recently, technological advances have become an increasingly important driver of structural transformation, with information technology and job automation reducing wage rates for low-skill jobs and further eroding the political and market power of organized labor. Today's ultra-flexible labor markets, characterized by part-time, temporary, and zero-hours contracts, are very different from those that generated cost-push inflation in the 1960s and 1970s.

The result in many countries has been stagnant real wages, increased inequality, and a potential structural bias toward deficient nominal demand. Given that wealthy people have a higher propensity to save, increased inequality tends to produce sluggish demand growth – unless, that is, the savings of the wealthy are lent to the poor.

As a result, while central bankers before the 2008 financial crisis viewed themselves as heroes in a battle against inflation, they increasingly found themselves offsetting structural deflationary pressures by setting interest rates low enough to stimulate credit booms. This led to excessive debt creation, financial crisis, and now a chronic aggregate-demand shortfall, with households, companies, and governments all seeking to reduce their debt.

But, though structural factors and debt overhangs underpin today's inadequate demand, a purely macroeconomic response might still solve the problem. Just as determined monetary restraint 30 years ago ultimately overwhelmed cost-push pressures, an equally determined policy in the other direction could, in theory, boost nominal demand growth today.

The best way to achieve that is not through the current mix of ultra-low interest rates and quantitative easing. After all, though this approach would eventually stimulate demand, it would do so by driving up asset prices – thereby exacerbating wealth inequality – and by re-stimulating the private-credit growth that fueled the financial crisis.

But policymakers always have another option for creating nominal demand: printing money to finance their fiscal deficits. The permanent availability of this approach – what Friedman called "helicopter" money – makes deficient nominal demand one of the very few economic problems for which there is always an answer.

Nonetheless, such a purely macroeconomic approach to the battle against deflation would almost certainly not be optimal. A better strategy would also entail policies that address the structural drivers of stagnant wages and consumption.

One of those drivers is excessive labor-market flexibility. Though the easing of rules for hiring and firing workers has probably helped to boost employment in some countries, such as the UK, it may also be depressing real wages. Just as labor markets can be too rigid, they can be too flexible.

Raising minimum wages could help limit the erosion of real earnings in the bottom quartile. And tax and social-welfare systems can be used to channel income toward those most likely to spend it.

Because deflation, like inflation, is ultimately a monetary phenomenon, fiscal and monetary weapons are the most critical means to combating it. But the potential importance of structural policies should not be ignored. Weidmann and Abe are right: some cost-push pressure would be useful. But deliberate policies will be needed to stimulate it.