

Opinion | Columnist

We May Finally Be Witnessing a Normal Labor Market

More people are entering the workforce and participation rates are back to pre-pandemic levels.

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By [Karl W. Smith](#)
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A passing glance at the August jobs report released today by the US Labor Department would suggest an economy headed in the wrong direction. After all, the unemployment rate shot up to 3.8% from 3.5% in July, marking the biggest increase since the onset of the Covid-19 pandemic in April 2020. A more measured look, though, reveals something completely different.

That jump in the unemployment rate was not a reflection of companies firing workers in anticipation of a slowdown, but rather because of very large 700,000 increase in the number of people looking for a job. This caused the labor force participation rate to jump to 62.8%, the highest since before the pandemic. ¹