A Brief Discussion of the Labor Market

1. In discussing the Bureau of Labor Statistic's employment report, we discussed the civilian non-institutional population. This excludes children under 16, the military, and those in prisons or other institutions.

2. We then defined the U-3 labor force as those who are employed and the unemployed who are actively seeking work.

3. The U-3 unemployment rate is then just the number of unemployed actively seeking work divided by the labor force. As of September 2026, this was 4.2%.

4. The BLS also reports the U-6 unemployment rate. This measure treats discouraged workers (who are not part U-3 labor force) and the underemployed (part time for economic reasons) as if they are unemployed (in the numerator of the unemployment rate). As of September 2026, it equaled 7.6%. It is always higher than U-3 and we thus cannot directly compare their value.