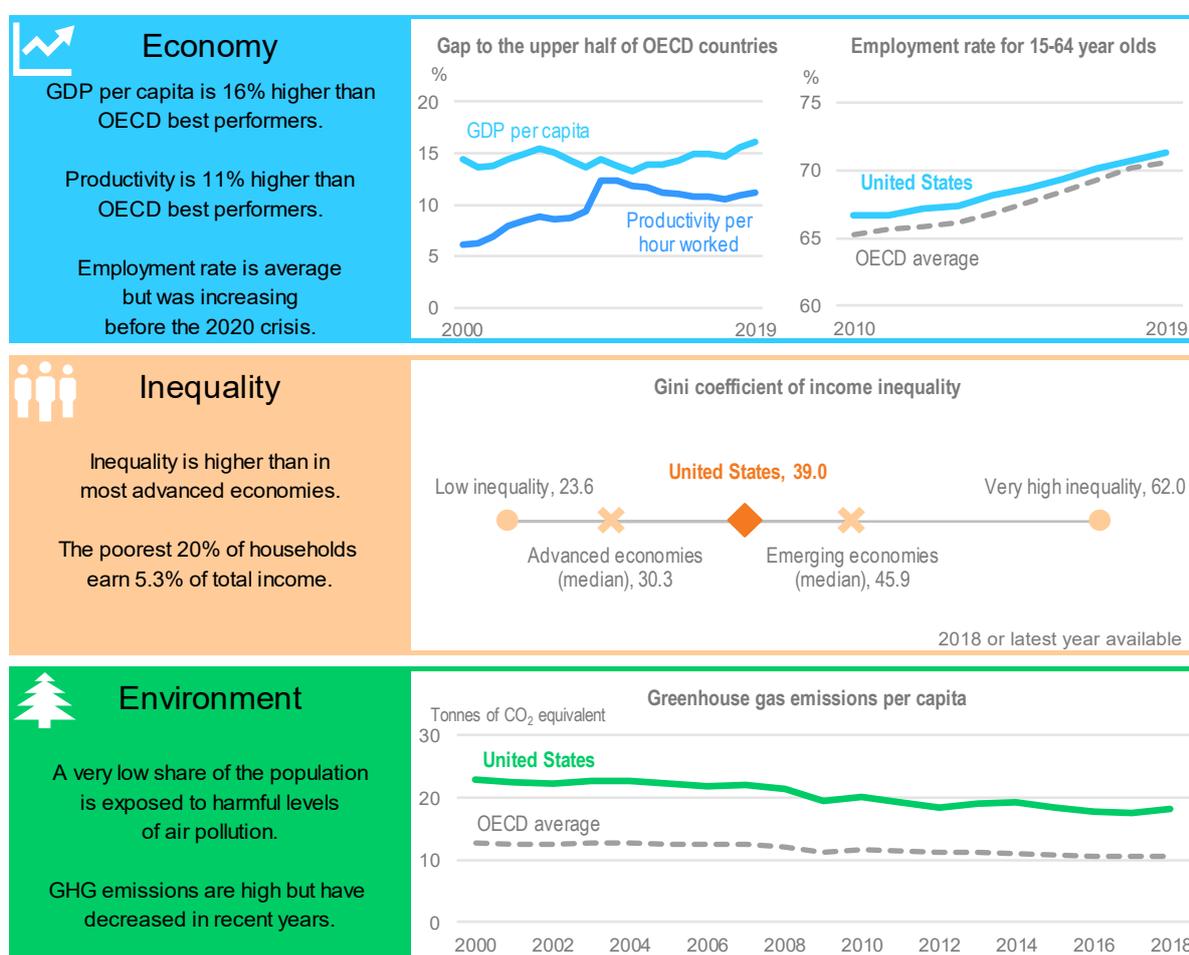


United States

The pandemic risks exacerbating the existing inequalities prevailing between social, ethnic and racial groups. Specific cohorts were especially negatively affected: the young, the less educated, Black or African Americans, Hispanic and Latinos, American Indians and Alaska Natives. The government cushioned the impact on vulnerable households, especially by providing cash transfers and expanding unemployment benefits. Nonetheless, a key policy priority should be to further improve the opportunities for the most vulnerable. Going beyond the immediate support, enhancing education, training and green infrastructure investment would contribute to more sustainable, resilient and equitable growth.

Performance prior to the COVID-19 crisis



Economy: Percentage gap with respect to the population-weighted average of the highest 18 OECD countries in terms of GDP per capita (in constant 2015 PPPs).

Inequality: The Gini coefficient for disposable income measures the extent to which the distribution of disposable income among households deviates from perfect equal distribution. A value of zero represents perfect equality and a value of 100 extreme inequality. The latest available data for the United States is 2017.

Environment: Greenhouse gas (GHG) emissions include emissions or removals from land-use, land-use change and forestry (LULUCF). A high exposure to air pollution refers to above 10 µg/m³ of PM_{2.5}.

Source: Economy: OECD, National Accounts, Productivity and Labour Force Statistics Databases; Inequality: OECD, Income Distribution Database and World Bank, World Development Indicators Database; Environment: OECD, Environment Database and United Nations Framework Convention on Climate Change (UNFCCC) Database.

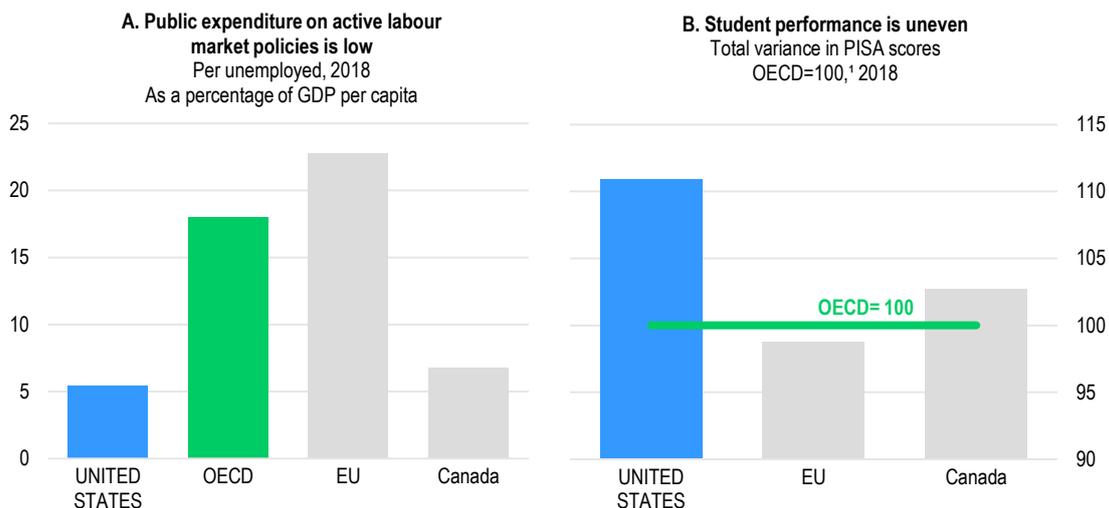
StatLink  <https://stat.link/fyutvr>

Enhancing social protection and access to education for an inclusive recovery

To minimise the scarring effects of the pandemic on workers, graduates and vulnerable groups, **continued support is needed for those struggling to re-enter employment** and those at risk of dropping out of the labour force (Panel A). Public expenditure on active labour market policies should be increased, prioritising improvements to job placement and cost-effective retraining services. To support transitions from school into a weak labour market, more apprenticeships and training to young workers just entering the labour force are needed, while expanding earned income tax credits, paid parental leave and investment into quality childcare should help increase participation in the labour market. Furthermore, raising the federal minimum wage would both incentivise participation and help to ameliorate earnings inequalities.

The fact that many low-income workers are being disproportionately impacted by the economic slump is adding to pre-existing divides such as wide disparities in education outcomes and health status (Panel B). **Policies promoting equal opportunity in education are needed.** Tutoring and mentoring support programmes should be offered to those K-12 students that are furthest behind and risk dropping out of school. Federal subsidies could be provided to schools to encourage these programmes, with strong systems of accountability for learning outcomes.

Vulnerabilities and areas for reform



1. The variance components in mathematics, science and reading were estimated for all students in participating countries with data on socio-economic background and study programmes. The variance in student performance is calculated as the square of the standard deviation of PISA scores in reading, mathematics and science for the students used in the analysis.

Source: Panel A: OECD, Public expenditure and participant stocks on LMP and Economic Outlook Databases; Panel B: PISA Database.

StatLink  <https://stat.link/osp473>

Removing obstacles to reallocation across the country, **including scaling down occupational licensing and non-compete agreements in work contracts**, can also help displaced workers to find new jobs. Boosting housing supply in desirable locations, by easing restrictions on land use, should be promoted through federal fiscal incentives for states and local authorities to relax such regulations and promote multi-use zoning.

The pandemic also underscored the importance of a well-functioning health system and digital infrastructure for wellbeing and economic resilience. Although the United States devotes a much larger share of resources to health care than other OECD countries, life expectancy at birth is comparatively low and has been declining. There are also important disparities in healthcare access, with differences in health

service utilisation across income groups larger than in many OECD countries. Despite numerous options to obtain health insurance, coverage remains incomplete and some population groups lack access to medical care. Access to health care was improved to address the COVID-19 outbreak (e.g. with free tests and vaccines) and with temporary measures that promote health insurance coverage in the government's American Rescue Plan. Similar **efforts to close gaps in health insurance coverage should continue**, while remaining cognisant of the need to improve health spending efficiency so as to reduce fiscal pressures in an ageing society.

The recovery should be harnessed to boost infrastructure investment, improving the equality of opportunities as well as environmental performance. **Access to high speed internet**, in particular in many rural locations, needs to be expanded. In road transport, user fees should **encourage internalisation of the broader costs of congestion and environmental damage**, while removing government subsidies for fossil fuels would further promote decarbonisation in energy. More broadly, the transition away from fossil fuels could be achieved most cost efficiently by introducing a uniform carbon price across the country.

United States: Summary of *Going for Growth* priorities and recommendations

| 2019-2020 Reforms | Recommendations |
|---|--|
| Labour market: Improve quality of retraining programmes to facilitate labour market transitions | |
| <p>No new action taken. The Department of Labor continues to expand the use of apprenticeships, job placement services and other services for displaced workers. Measures include: providing grants to states to expand apprenticeship opportunities; funding industry intermediaries to support apprenticeships; partnering with community colleges to promote vocational training and establishing youth and pre-apprenticeship programmes.</p> | <ul style="list-style-type: none"> <input type="checkbox"/> Increase spending on cost-effective active labour market policies, such as job placement services and support to geographic mobility. <input type="checkbox"/> Improve and broaden training programmes for displaced workers. <input type="checkbox"/> Expand earned income tax credits, particularly in locations where the participation rate is very low. <input type="checkbox"/> Raise federal minimum wage. <input type="checkbox"/> Expand the use of apprenticeships and on-the-job training to ease the school-to-work transition. <input type="checkbox"/> Continue reducing unnecessary legal restrictions to people with criminal records obtaining occupational licenses. |
| Education and skills: Improve equality of opportunities across social, racial and ethnic groups | |
| <p>No new action taken.</p> | <ul style="list-style-type: none"> <input type="checkbox"/> Use targeted federal funding to help states in undertaking ambitious school reforms to reduce educational disparities. <input type="checkbox"/> Provide support to parents with young children by expanding access to paid family leave nationally. <input type="checkbox"/> Require paid parental leave and improve access to quality childcare to help reduce wage gaps and improve career prospects. |
| Labour market: Restrictive zoning, occupational licensing and non-compete agreements are constraining labour reallocation | |
| <p><input checked="" type="checkbox"/> The Workforce Mobility Act was tabled in Congress in January 2020 and is currently being debated. This bill prohibits employers from entering into, enforcing, or threatening to enforce non-compete agreements with employees, subject to exceptions.</p> | <ul style="list-style-type: none"> <input type="checkbox"/> Encourage states to de-license occupations with very limited concerns for public health and safety. <input type="checkbox"/> Use federal law to impose recognition of out-of-State licensures, allowing states to set stricter requirements only if they can prove it necessary to protect the public. <input type="checkbox"/> Outlaw the use of non-competes except where employers can prove benefit to workers. <input type="checkbox"/> Use Federal funding to encourage states and localities to remove zoning restrictions or move to multi-use zoning. |

| 2019-2020 Reforms | Recommendations |
|---|--|
| Healthcare: Reduce disparities in access while improving spending efficiency | |
| <input checked="" type="checkbox"/> Access to health care was improved to combat the COVID-19 outbreak, but otherwise no new action taken. | <input type="checkbox"/> To improve spending efficiency, act on the research by the Patient-Centered Outcome Research Institute and others that compares the effectiveness of different prescription drugs and treatments. Ensure that the identified cost-saving measures are rolled out, and monitor their impact. <input type="checkbox"/> Continue to close gaps in health insurance coverage. |
| Infrastructure: Combat congestion and environmental degradation with infrastructure investment | |
| <input checked="" type="checkbox"/> Numerous states have enacted targets since 2019 to achieve net zero greenhouse gas emissions by 2050. These include Nevada, Montana, Michigan, New York, Maine, Louisiana and Washington. | <input type="checkbox"/> Roll out initiatives to invest more in infrastructure, making use of greater private-sector financing, user fees and flexible risk-sharing arrangements. <input type="checkbox"/> Ensure that harmful emissions, such as carbon and particulate matter, are priced appropriately and eliminate fossil fuel subsidies. <input type="checkbox"/> Invest in extreme weather and climate-resilient infrastructure. <input type="checkbox"/> Improve the maintenance of the road network and invest more in mass transit where it is cost effective. <input type="checkbox"/> Continue to invest in expanding the coverage of broadband networks based on careful cost-benefit analysis of projects. |

Recent progress on structural reforms

Prior to the pandemic, a variety of infrastructure spending plans had been proposed, but did not secure bipartisan support. Important reforms of recent years reduce red tape, with regulatory agencies required to evaluate the overall costs of their actions on the economy and to reduce at least two regulations for the introduction of any new regulatory burden. Anti-trust cases against digital companies with substantial market power have also been initiated by the Federal Trade Commission and Department of Justice. Recent initiatives follow significant reforms in the years immediately prior, such as reductions in corporate and personal income tax rates, a scaling back of regulatory burdens on small and mid-sized banks and competition-enhancing initiatives in the pharmaceuticals market.