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- The positive gap in GDP per capita between the United States and the upper half of OECD countries has persisted throughout the last decade, although it has decreased somewhat during the financial crisis. Gains in labour productivity have been well maintained, but employment rates and average hours worked have both contributed to low labour utilisation.
- Important reforms have been initiated in the areas of healthcare, activation policies and education, but follow through is critical. Some progress has been achieved in the area of agricultural subsidies. Little has been done to reform the tax system.
- Priorities to strengthen labour utilisation should focus on active labour market policies to provide jobseekers with opportunities for skills upgrading and employment. Increasing the quality and inclusiveness of the education system and reducing distortions in the tax structure would help boost productivity growth.
- In addition to boosting productivity, widening access to high-quality education would help reduce inequality by providing disadvantaged students with valuable skills for work or higher education.

Growth performance indicators

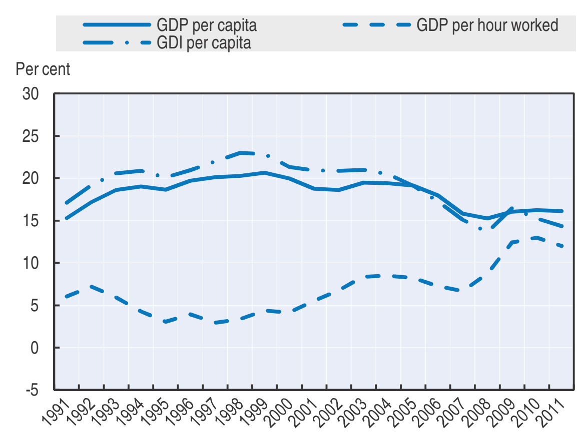
A. Average annual trend growth rates

Per cent

		2001-06	2006-11
Potential GDP per capita		1.3	0.9
Potential labour utilisation		-0.2	-0.4
of which:	Labour force participation rate	-0.2	-0.3
	Employment rate[1]	0.0	-0.1
Potential labour productivity		1.5	1.3
of which:	Capital intensity	0.5	0.5
	Labour efficiency	0.9	0.7
	Human capital	0.1	0.1

B. The positive gap in GDP per capita persists

Gap to the upper half of OECD countries[2]



1. The employment rate is defined with respect to the economically active population and therefore captures the (inverse) changes in the structural unemployment rate.
2. Percentage gap with respect to the simple average of the highest 17 OECD countries in terms of GDP per capita, GDP per hour worked and GDI per capita (in constant 2005 PPPs).

Source: OECD, *National Accounts and OECD Economic Outlook 92 Databases.*

StatLink http://dx.doi.org/10.1787/888932778119

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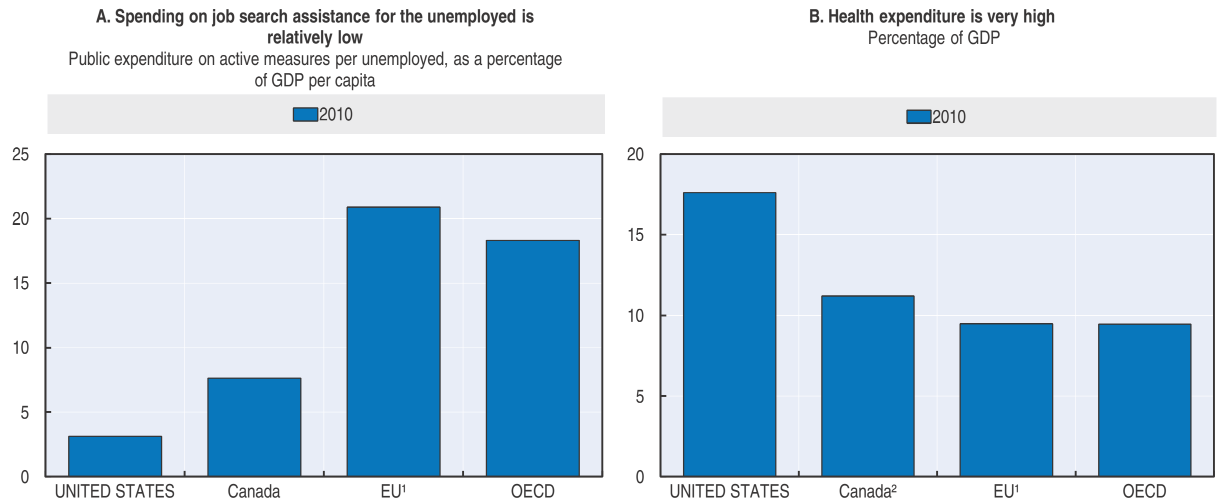
Policy indicators



1. Average of 21 EU countries members of the OECD.
2. 2011 for Canada.

Source: OECD, Public expenditure and participant stocks on LMP, *OECD Economic Outlook and Health Databases*.

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Identifying *Going for Growth 2013* priorities

Priorities supported by indicators

Enhance active labour market policies.[1] Enhanced activation programmes would reduce unemployment persistence and the incidence of long-term unemployment. More effective disability programmes would raise labour force participation.

Recommendations: Broaden and enhance the set of activation programmes to guide unemployed individuals to high-quality re-employment or training. Provide objective, easy-to-access information on how graduates from various programmes fare in the labour market. Consolidate and streamline the existing programmes that provide training and employment services. Tighten eligibility requirements for disability programmes, enhance workplace accommodations and rehabilitation services.

Improve the efficiency of the healthcare sector. Healthcare spending is comparatively high and inefficient while coverage is low.

Actions taken: Various provisions of the 2010 Affordable Care Act (ACA) were implemented, including the establishment of agencies to recommend ways to enhance quality and/or reduce costs in government healthcare programmes.

Recommendations: Implement remaining provisions of the ACA, which will increase coverage. Ensure that the cost-saving measures are put in place and their impact monitored.

1. New policy priorities identified in *Going for Growth 2013* (with respect to *Going for Growth 2011*) are preceded and followed by an "*".

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Improve the efficiency of the tax system. Effective tax rates on income from different asset classes vary greatly, distorting investment decisions and facilitating tax avoidance.

Actions taken: Tax rates on dividends and capital gains were increased in 2013, accentuating the tax penalty on equity-financed investment.

Recommendations: Reduce distortions by treating interest income in the same way as dividend income at both the corporate and recipient levels while lowering the corporate tax rate. Broaden the tax base by limiting tax expenditures, for instance by gradually phasing out the mortgage-interest deduction on owner-occupied housing. Rely more on consumption-based and environmental taxation.

Other key priorities

Increase access to high-quality primary and secondary education. A more efficient and inclusive education system would foster gains in productivity and income.

Actions taken: In exchange for funding received as part of the 2010 Race to the Top programme, many states are taking steps to improve teacher quality, develop new evaluation systems and raise student achievement.

Recommendations: Replace remaining property-based local financing of schools with state-level financing so that more resources can be directed towards disadvantaged students. Develop and implement common standards for all subjects in the core curriculum. Select, train and retain high-quality teachers.

Reduce producer support to agriculture. Agricultural supports distort trade and production and lead to inefficiencies that hamper productivity.

Actions taken: The tariff on sugarcane-based ethanol and domestic subsidies for corn-based ethanol expired at the end of 2011. However, the 2012 Farm Bill increases production-related subsidies.

Recommendations: Reduce production-related subsidies, including subsidised crop insurance programmes, and remaining agricultural-product import barriers.

Previous *Going for Growth* recommendations no longer considered a priority

For this country, all 2011 *Going for Growth* recommendations remain as priorities.

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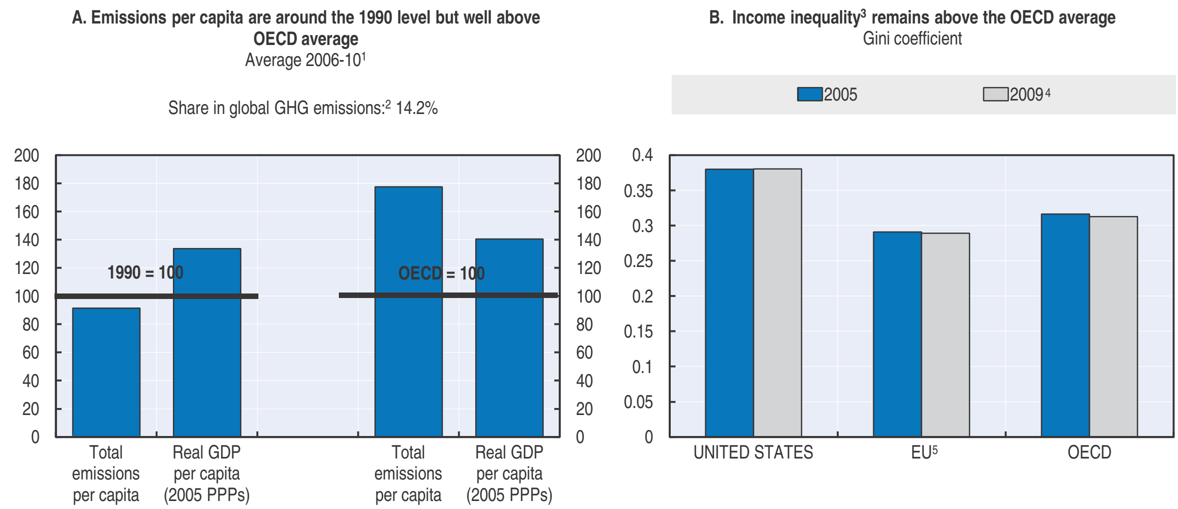
Other dimensions of well-being: Performance indicators



1. Total GHG emissions including LULUCF in CO_2 equivalents (UNFCCC). The OECD average (excluding Chile, Israel, Korea and Mexico) is calculated according to the same definition.
2. Share in world GHG emissions is calculated using International Energy Agency (IEA) data and is an average of years 2005, 2008 and 2010.
3. Income inequality is measured by the Gini coefficient based on equivalised household disposable income for total population.
4. Data refer to 2010 for the United States.
5. Average of 21 EU countries members of the OECD.

Source: *United Nations Framework Convention on Climate Change (UNFCCC) Database*; OECD, *Energy (IEA) Database* and *OECD Income Distribution Database*, provisional data (*www.oecd.org/social/inequality.htm*).

StatLink http://dx.doi.org/10.1787/888932778157