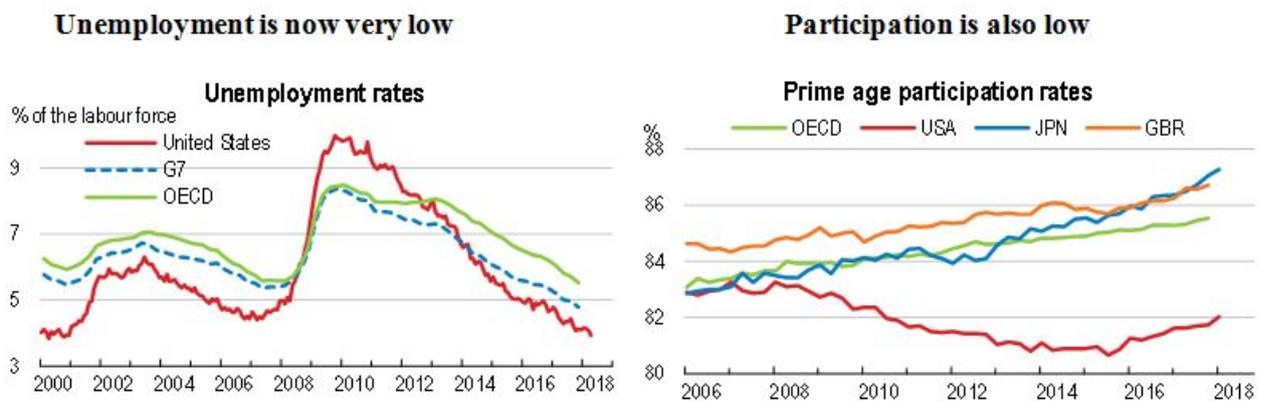


Helping Americans Work Again

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The economic expansion in the United States is now one of the longest on record, although it has been sluggish in comparison with previous recoveries. While job growth has reduced the unemployment rate to historically-low levels, many people still remain on the sidelines of the labour market, as shown by the low participation rates of prime age workers.

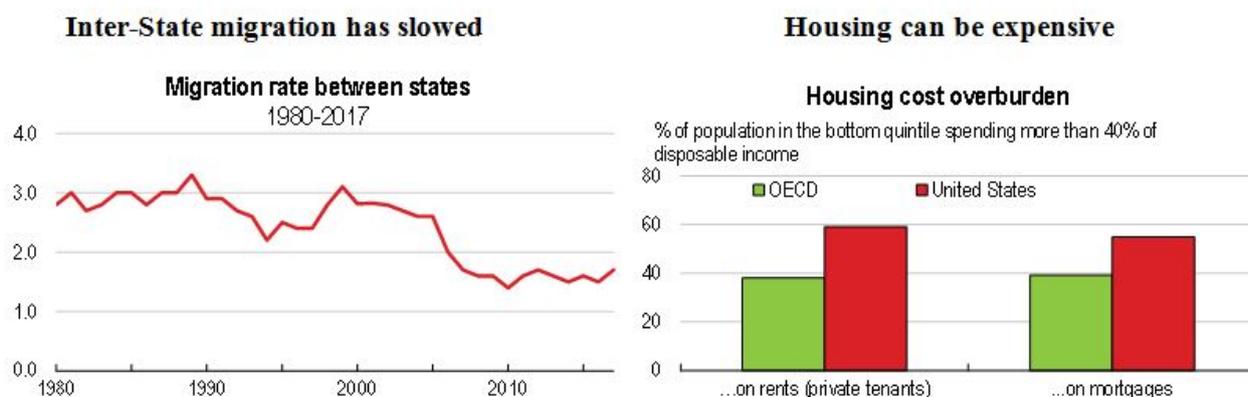


Note: OECD refers to a simple average.

Source: OECD Analytical Database, OECD Employment and Labour Market Statistics.

The participation of women has increased, but many men remain out of the labour force. This is especially the case for young men with no college education and in states hit particularly hard by economic shocks, such as West Virginia where only 53% of working-age individuals participate (Varghese and Sutherland, 2018). Globalisation and automation have displaced workers, especially in the industrial heartland, and many of these workers have experienced difficulties in finding new employment. As they adjust only slowly to these shocks, these locations are characterized by high unemployment, low participation and poverty. This is partly explained by the limited amount of support provided to workers in the United States to find new jobs, compared to other OECD countries.

The interstate migration response to employment shocks, which contributed to the reallocation of workers to places with strong job growth, appears to have diminished during the past decade. Furthermore, these migration patterns show less of a population shift to urban agglomerations than elsewhere in the OECD. One factor contributing to this is that changing jobs has become more difficult over time. One of the constraints of interstate migration has been the availability of affordable housing, particularly in booming areas (Guichard, 2018). Restrictive zoning policies appear to be hindering the provision of more affordable housing, limiting employment opportunities and ultimately undermining growth. Sprawling cities can also make accessing jobs by public transport very difficult. Improving mass transit systems where appropriate would help improve accessibility and federal spending could be used to encourage States and localities to move towards mixed-use planning permissions to address housing affordability concerns.



Source: Bureau of Labor Statistics, OECD Affordable Housing Database.

References:

Guichard, S. (2018), "The Decline in US Labour Force Participation: Some Insights from Regional Divergence", *OECD Economics Department Working Papers*, Forthcoming.

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