

# United States

This country note provides an overview of the labour market situation in the United States drawing on data from *OECD Employment Outlook 2024*. It also looks at how the transition to net-zero emissions by 2050 will affect the labour market and workers' jobs.

## Labour markets have been resilient and remain tight

Labour markets continued to perform strongly, with many countries seeing historically high levels of employment and low levels of unemployment. By May 2024, the OECD unemployment rate was at 4.9%. In most countries, employment rates improved more for women than for men, compared to pre-pandemic levels. Labour market tightness keeps easing but remains generally elevated.

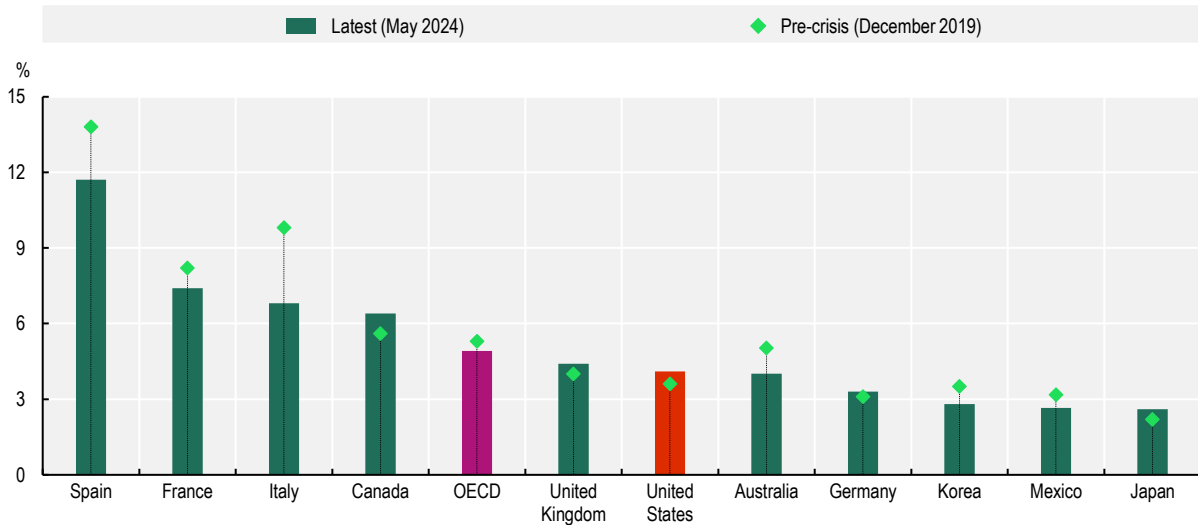
- The United States labour market has remained steady over the past year. The unemployment rate was at 4.1% in June 2024, still near historic lows despite a slight increase of a few decimal points over the past 12 months. The labour force participation has remained stable, standing at 62.6% in June 2024 – while the employment-to-population ratio was down by less than half a percentage point relative to a year earlier reaching 60.1%.
- Real GDP is projected to grow by 2.6% in 2024 and 1.8% in 2025. Annual total employment growth is expected to be under 1% in both years, with the unemployment rate remaining around its current historically low level of 4%.
- In April 2024, the Federal Trade Commission issued a final rule banning non-compete clauses in employee contracts, which are estimated to cover 18% of US workers. The measure can help boost competition in the labour market, promoting economic dynamism and wage growth.

## Real wages are up, but still have to make up for lost ground

Real wages are now growing year-on-year in most OECD countries, in the context of declining inflation. They are, however, still below their 2019 level in many countries. As real wages are recovering some of the lost ground, profits are beginning to buffer some of the increase in labour costs. In many countries, there is room for profits to absorb further wage increases, especially as there are no signs of a price-wage spiral.

## Figure 1. Unemployment rates remain at historically low levels in many countries

Unemployment rate (percentage of labour force), seasonally adjusted data



Note: The latest data refer to March 2024 for the United Kingdom, and June 2024 for Canada and the United States.

Source: *OECD Employment Outlook 2024*, Chapter 1.

- In the United States, in Q1 2024 average real wages were growing at 1% on annual basis. While they had recovered most of the ground lost over the past two years, they still remained 0.8% below their Q4 2019 levels.
- Although the federal minimum wage has remained unchanged since 2009, many States and localities have significantly raised their minimum wages in recent years. Consequently, by May 2024, the employment-weighted minimum wage in the United States was 24% higher in nominal terms than in May 2019, resulting in a 1.1% increase in real terms (vs. the 8.3% median increase across all the OECD countries with a statutory minimum wage in place).

## Climate change mitigation will lead to substantial job reallocation

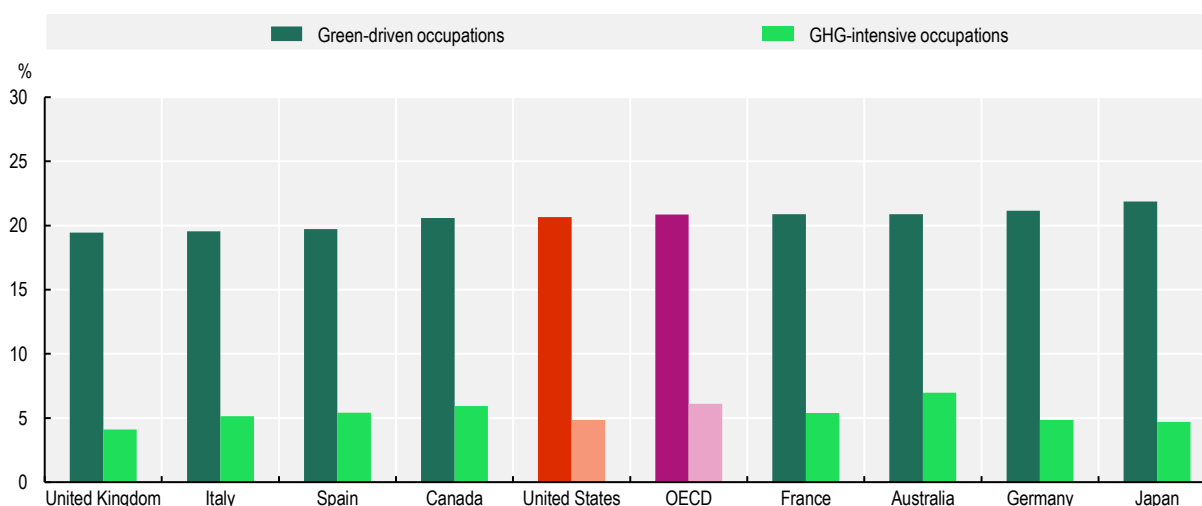
The ambitious net-zero transitions currently undergoing in OECD countries are expected to have only a modest effect on aggregate employment. However, some jobs will disappear, new opportunities will emerge, and many existing jobs will be transformed. Across the OECD, 20% of the workforce is employed in green-driven occupations, including jobs that do not directly contribute to emission reductions but are likely to be in demand because they support green activities. Conversely, about 7% is in greenhouse gas (GHG)-intensive occupations.

- In the United States, 20.6% of the workforce is employed in green-driven occupations. Of these green-driven occupations, only 17.4% are truly “green new or emerging occupations”. Conversely, about 4.8% of employment is in emission-intensive occupations.
- The highest share of green-driven occupations can be found in Indiana, while the highest share of GHG-intensive occupations can be found in Wyoming.
- In the United States, similarly to other countries, men are more likely to be employed in green-driven and GHG-intensive occupations, while older workers are more likely to be employed in GHG-intensive occupations.

- The projected changes associated with the net-zero transitions should be contrasted with the employment costs of inaction on addressing climate changes.
- 18% of workers in the United States suffer from significant heat discomfort, typically workers in outdoor occupations and workers in process and heavy industries, with potential negative effects on their health and productivity.

**Figure 2. One out of five workers is employed in green-driven occupations**

Percentages, average 2015-19



Source: *OECD Employment Outlook 2024*, Chapter 2, Figure 2.3.

### In most countries, low-income groups are the most affected by carbon pricing reforms

Effective carbon taxing has been increasing across the OECD over the 2012 to 2021 period. In parallel, per-capita carbon emissions from energy use declined in most countries over this period. However, carbon taxes, emissions trading systems and fuel excise taxes often had a regressive impact, reflecting the reliance of low-income households on high-emitting consumption items, such as energy and food.

- Between 2012 and 2021, effective carbon rates (in 2021 constant euros) – which capture carbon prices arising from carbon taxes, emissions trading systems and fuel excise taxes – increased in the United States from EUR 6 to 15 per tonne of CO<sub>2</sub>, essentially due to the increase in fuel excise taxes.
- Carbon pricing rates in the United States are well below the OECD average (EUR 42 per tonne of CO<sub>2</sub>), placing it at the bottom of the carbon pricing rate distribution among OECD countries. This reflects the climate mitigation approach adopted in the US that focuses more on a combination of grants, loans, tax provisions and other incentives to accelerate the deployment of clean energy, vehicles, buildings, and manufacturing. This approach is exemplified by the Inflation Reduction Act of 2022, under which a total of USD 370 billion will be disbursed for measures dedicated to improving energy security and accelerating clean energy transitions.

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