



america's dynamic workforce

executive summary

America's workforce is one of our greatest assets. American workers are hard-working, productive, and innovative. We are a nation of bountiful natural resources, but our economy and our livelihood have always depended on our human resources. And because America invests in its workers and has built a workforce of unrivaled creativity and talent, this nation has built a commanding lead in the world economy. We have only 5 percent of the world's total population, but we produce roughly one-quarter of the world's economic output. Due to our superior workforce, when the rest of the world looks for expertise and skill and quality workmanship, they know to look for the label that says "Made in the U.S.A."

To millions of Americans, work is an essential part of our lives: We depend on our work not only for a livelihood, but for the chance to meet new friends and to learn new skills. America's factories, offices, and farms are places of great variety, with people coming from many levels of experience, skills and backgrounds. This diverse workforce is unit-

ed in a commitment to hard work and a desire to make America a more hopeful and prosperous place.

Our workforce is a place of remarkable opportunities. In other nations, where a person's career is often charted out from an early age, the idea of changing careers multiple times is practically impossible. But in America, it is normal. Few Americans stay in the same job their entire lives. And as Americans pursue many different jobs, they gradually increase their income. A robust labor market makes this possible.

Today, the U.S. economy boasts one of the lowest unemployment rates and one of the fastest job growth rates in the industrialized world. Innovation fuels this job creation as Americans continue to find new and better ways to produce goods and services. New industries replace old. New companies spring up as others fade away. Even if an American unfortunately loses a job, the flexibility and resilience of our economic system ensures that new opportunities quickly emerge for that worker.

America's Dynamic Workforce answers three important questions. How has the U.S. labor market helped America triumph over recent economic adversity? What challenges to our workforce are we confronting today? And how can we prepare, train, and equip our workers for tomorrow's opportunities?

How Has the U.S. Labor Market Triumphed Over Recent Adversity?

The Jobs Recovery.

Chapter One describes the economic recovery and job growth that followed a period of major shocks to the economy that occurred between 2000 and 2002. These shocks included a recession and a punishing bear market that began in 2000, the most destructive terrorist attack in history, and major corporate accounting scandals. The chapter reviews what we know about how the labor markets were affected by these events and the rebound in employment that began in the second half of 2003.

Changing Jobs and Moving Up the Income Ladder.

Chapter Two describes how the mobility and vibrancy of America's workforce brought America from recession to recovery. Increased job opportunities, income mobility, and worker productivity add new vitality to the economy and benefit workers and employers alike. As a consequence of the freedom and flexibility to change jobs, workers receive higher earnings, better jobs, and better working conditions, while employers benefit from a more skilled and efficient workforce.

Comparing the United States with Other Countries.

Chapter Three compares the United States' workforce to those of other countries and demonstrates how the spirit of innovation of individual Americans has enhanced the performance of the U.S. labor market in the world economy. By welcoming the jobs of the future, America has achieved low unemployment and record rates of economic

growth. By comparison, other industrialized nations do not enjoy the same resilience in their labor markets, leading to far higher rates of unemployment, long-term job loss, and income stagnation.

What Challenges Are We Confronting Today?

Our Compassionate Nation: Helping Workers Transition to New Jobs.

Chapter Four focuses on how we make it easier for workers to transition into new jobs. While higher rates of job turnover have long-term advantages for both workers and employers, in the short term, it can be a difficult process. As a compassionate nation, we provide temporary financial support and job training for those individuals looking to find new work.

Keeping Workers Safe and Secure.

Chapter Five highlights the continuing importance of workplace safety, a key feature of our labor rules and regulations. U.S. employers are required to keep workers safe. The Occupational Safety and Health Administration, the Mine Safety and Health Administration, the Employment Standards Administration, and the Employee Benefits Security Administration protect workers' safety, equal employment opportunities, and employee benefits. As a result, workplace safety and workers' health have improved, with dramatic reductions in work-related injuries, illnesses, and fatalities.

Creating the Environment for Job Growth.

Chapter Six describes the delicate balance we must maintain between regulating the workplace and ensuring that those regulations do not stunt job creation. Needless paperwork

and unnecessary and burdensome regulations harm the economy. By updating overtime rules for managerial and other white-collar jobs, bringing modern financial accounting methods and standards to labor unions, and introducing more competition to the contracting process, we have improved the regulatory process and eliminated economic inefficiencies.

How Can We Prepare, Train, and Equip Our Labor Force for Tomorrow's Economy?

Jobs for the 21st Century

Chapter Seven describes President Bush's proposals to make the U.S. workforce more competitive. These include reform of the workforce Investment Act of 1998 in order to provide a more flexible workforce investment system and better opportunities for training workers. The President's High Growth Job Training Initiative prepares workers to take advantage of jobs opportunities in high growth economic sectors. Innovation training accounts and personal re-employment accounts give workers the choices they need to select individual types of training.

The Jobs of the Future: 2002 to 2012.

Chapter Eight explores how we can best prepare the labor force for the changing economy of the 21st Century. We must work with the private sector to ensure that federal training programs keep pace with the opportunities the economy offers and give our workers the skills they need to succeed. There will be emerging opportunities in technology, education, health care, construction, manufacturing, and many other industries. Those opportunities will be available to all who have the right skills and a readiness to learn on the job.

Saving for Our Future.

Chapter Nine explores the future challenges that come with an increasingly older workforce. By the year 2050, 21 percent of the U.S. population will be 65 or over. Many of these workers will continue to work past the traditional age of retirement. But many will exit the workforce, placing new stresses on our retirement and pension systems. Today's workers must begin to prepare for retirement, and the tax system must make retirement easier and more affordable.

Conclusion

In the 21st Century, America's workplace continues to change with new innovations and changes in international competitiveness in our economy, and it continues to adapt to new opportunities. This changing workplace makes our workers a great source of economic strength. Today's American workers enjoy substantial flexibility in the labor market with a wide array of jobs and low unemployment. With *America's Dynamic Workforce*, we are defining the strengths of our workforce, describing policies that are being pursued to make our workforce stronger, and promoting a vision for future actions that we must take to ensure America remains the best place in the world to work.





american workers benefit from our labor system

