

Have a Nice Day!

The American Journey to Better Working Conditions



Federal Reserve Bank of Dallas
Annual Report 2000

A LETTER FROM THE PRESIDENT

The late Texas picker–poet Townes Van Zandt is alleged to have said that all music is either the blues or zippity-doo-da. The economy had the blues toward the end of 2000, after almost five years of zippity-doo-da. Its growth rate fell from over 5 percent in the first half of 2000 to under 2 percent in the second. One might say the economy hit an air pocket on its glide path to a soft landing. Fortunately, it had enough altitude to avoid a crash. The question at year-end was whether we'll have a hard landing, a crash landing or a touch-and-go.

Going for the touch-and-go, the Fed responded aggressively in January, with two 50-basis-point cuts in the federal funds and discount rates. Financial markets perked up somewhat, but it's too soon to gauge the impact on the economy or what further steps may be needed.

The slowdown has prompted some to question the New Economy's viability, but I remain a new-paradigm optimist. The New Economy has never been about infinite price–earnings ratios or an end to business cycles. It was and is about invention, innovation, risk-taking, animal spirits, and new ways of thinking and working. It's about new technology increasing productivity and growth potential, about technology, productivity and global competition tempering inflation. In policy terms, it's about a higher noninflationary speed limit and considering the supply side of the economy as well as the demand side.

Even with the midyear slowing, productivity grew more than 4 percent in 2000, the highest rate in years, and unemployment ended the year at 4 percent, near its 30-year low.

The Dallas Fed in 2000

It was zippity-doo-da at the Dallas Fed last year. One especially perceptive author wrote that the Bank “has lately become one of the more robust corners of Alan Greenspan's empire.” Well said. We didn't get the Y2K blues, nor did the banks we supervise. We did more business at a lower unit cost, contributed significantly to Reserve System projects and assumed major new responsibilities as fiscal agent for the Treasury. The Eleventh District economy again outperformed the nation's.

Our board chairman, Roger Hemminghaus, retired after seven years of service in Dallas and five in San Antonio. Roger was my role model for how to be a cool CEO. We will miss him. Bartell Zachry of San Antonio is our new chairman, and Patricia Patterson of Dallas moves up to deputy chairman. We will also miss Kirk McLaughlin and Peggy Caskey, from our Dallas and Houston boards. Kirk promises to apprise me of any Buddy Holly sightings in Greater Lubbock.



President Bob McTeer. If you look closely you can spot a frog, the unofficial mascot of the New Economy.



Have a Nice Day!

Our essay this year grew out of a conversation I had with Mike Cox, our chief economist, about productivity growth and living standards. Mike pointed out that no one has a bumper sticker that says “Have a productive day!” Being productive is only part of a good workday. Working conditions and amenities are also important, as are sufficient leisure and some playtime on the job. In our new economy, work and play, work and leisure, home and office, workweek and weekend are blending. Time and place are less important. (Guess where I am as I write this and what time it is.)

The essay got me to thinking about my own work life. I was raised by the side of the road in rural North Georgia at Doyal’s Truck Stop. I’d helped out earlier, but the summers before my junior and senior years in high school I worked there full-time for pay—\$40 a week. It wasn’t bad, in part because Doyal was my dad.

Doyal’s Truck Stop never closed. It was open 24 hours a day, 7 days a week. Doyal worked from 7 a.m. to 7 p.m. Little Doyal (that’s me) worked from 7 p.m. to 7 a.m.—except Saturday night if I had a date. (Does a chicken have lips?) Those times, Big Doyal would fill in for me until I got home around midnight.

I pumped gas, wiped windshields—remember those days?—and mopped floors. If a truck had a flat tire, I put on the spare, which was dangerous work. But if it needed fixing, I had to get Big Doyal out of bed, which was really dangerous. I occasionally had to roust him to break up a late-night fight. Sometimes I did it myself, my credibility in such matters deriving from his.

The worst thing about that first job was trying to sleep in the daytime without air-conditioning. One or two in the afternoon was about the limit. The best thing was all-night access to the jukebox. Puppy love problems caused me to wear out Hank Williams’ “Lovesick Blues.”

I learned a little about economic incentives working for my dad. A sign out front promised free coffee to truckers. They also got a 3-cent-a-gallon discount on fuel.

My biggest on-the-job fear was that I would mistakenly put gasoline in a truck that used diesel fuel or vice versa. Either way would ruin a big motor and my life. The same sort of fear haunted me during basketball season. I was afraid I would shoot a basket on the wrong end of the court and forever be called “Wrong-way McTeer.” My fear of zigging when I should be zagging persists, especially as it pertains to monetary policy. Maybe we need more policymakers who pumped gas.

The summer after my senior year, I went off to college and never returned except to visit. My first job at school was not a good one. I had to visit every retail business in three remote counties and fill out a questionnaire on their tourist business. It wasn’t a sales job, but it felt like one. I’d arrive uninvited, asking lots of questions that were none of my business. The job taught me what I didn’t want to do when I grew up. The highlight of that summer was being tracked down by the highway patrol and told that Suzanne was in labor with yet another Little Doyal.

During graduate school I had jobs as a student assistant and instructor. For a while I tutored football players in economics. There was some danger there, as I was trying to tell them more than they wanted to know—like now.

Following graduate school, I joined the Research Department of the Richmond Fed in 1968. It was mostly fun work with good people. The exception was an early assignment to the Voluntary Foreign Credit Restraint Program, which wasn't that different from the tourism survey. This time I had to ask large-bank CEOs about their foreign lending and encourage them to hold it down for balance of payments reasons. Yuk! Fortunately, the VFCR program expired before I did.

Presumably because I wasn't a very good economist, I was soon kicked upstairs (actually downstairs) and given management responsibilities. As an officer, my sole perks were parking inside the garage and a water pitcher in my office. In 1980, I was sent north to run the Richmond Fed's Baltimore Branch, where I worked with some wonderful people. My worst day on the job came early on. A convention of consumer activists shouted me down for arguing that easing monetary policy in an inflationary environment was not likely to reduce interest rates. We called that old-time religion back then, but I didn't make many converts. After that day, the next 11 years in Baltimore were a piece of cake.

I came to Texas (as soon as I could) and to my present job in February 1991, 10 years ago. Good people again. My only dangerous assignment here so far was moderating a daylong NAFTA debate packed with protectionists. Fortunately, the good guys eventually won that debate and opponents' fears went unrealized. Proponents' hopes were exceeded. The debates over NAFTA and the New-Paradigm Economy have been highlights of my tenure here.

Working conditions in Texas are good, especially the air-conditioning. The most important enhancements to my work life in the past decade have been remote e-mail and word processing, especially the delete button.

It's not an official job perk, but one of the nicest things about living and working in Texas is the enjoyment and inspiration I get from its picker-poets—otherwise known as singer-songwriters—including, but not limited to, Willie, Waylon, Lyle, Terry Allen, Robert Earl Keen, Nanci Griffith. And how about them Dixie Chicks? The Texas poet I've enjoyed most this past year is Billy Joe Shaver. I recently had the pleasure of hearing Billy Joe and his picker son, Eddy, in concert, just weeks before Eddy's tragic death. God bless you, Billy Joe. Hang in there.

My favorite Billy Joe Shaver lines are:

*I've been to Georgia on a fast train, honey; / I wasn't born no yesterday.
I got a good Christian raising / And an eighth grade education,
And there ain't no need in y'all treating me this way.*

For some reason, I always think of those lines when I'm criticized by New Economy skeptics and naysayers. Writing this letter every year brings to mind another Billy Joe Shaver line: "The devil made me do it the first time. The second time I done it on my own."

Have a nice day!

Bob McTeer



Robert D. McTeer, Jr.



Bob McTeer in the days of the Old Economy, circa 1968.

Have a Nice Day!

The American Journey to Better Working Conditions



Coal mining ranks as the second worst job in the country, after lumberjacking. Coal mine and oil field employment peaked in 1920, when roughly one of every 40 workers held these grueling jobs. Today, it's just one in 1,056. We've come a long way.

America works.

A record 135 million people now hold jobs in the United States. We earn our paychecks as accountants and architects, cooks and carpenters, landscapers and lawyers, pilots and pipe fitters, salesclerks and secretaries, web masters and waiters.

Some of us work designing clothes, others work washing them. We build trucks and taxicabs, and we drive them, too. Americans invent and manufacture computers. We sell and service them. Millions of workers use them on the job to compose, calculate and communicate.

Work, work, work.



It's as true in the new millennium as it was in the old: work is an important part of our lives. But for today's workers, jobs aren't just a way to put bread on the table. They confer status, define our identities and even add to our happiness.

The way we work matters. We expect our jobs to provide higher pay, more fringe benefits and shorter hours, of course. But that's not all. More than any time in the past, we're asking our employers to make work more enjoyable and meaningful and to reduce its danger, drudgery and discomfort.

With each passing generation, working conditions have gotten better in the United States. Today's jobs are safer than ever. From office to factory, our surroundings are becoming more pleasant as the worst aspects of the Industrial Age fade into the past.

Thanks to modern technology and changing attitudes, more employees are gaining the freedom to decide when and where they work. In today's competitive labor market, companies are trying to please employees by adding on-the-job amenities—with some even hiring “culture czars” to find ways to boost workplace morale.

Only wealthy societies can look past the basic concerns of paying the bills and getting weekends off. It takes steady, long-term economic progress—forged with new technologies, expanding markets and higher productivity—to achieve a level of development that delivers better and better working conditions.

America's thriving market economy provided the foundation for rapid improvement in the workplace over the past two or three generations. The secret: competition. Just as the “invisible hand” of free enterprise leads profit-seeking companies to vie for labor and customers, it works to meet employees' desire for better working conditions.

In routine comings and goings, someone's always, with good-natured friendliness, encouraging friends and coworkers to have a nice day. It's a simple wish, but it reveals what's important to us. We don't celebrate the great achievements of modern capitalism by telling our fellow Americans to consume more or to have a productive day. No, we typically bid them a nice day. How could we do so if we had to spend large chunks of our time in unpleasant, perhaps even unhealthy, work environments?

Have a nice day!

Our free enterprise system is striving toward that goal—not just for today's Americans but for tomorrow's as well.

Our work world has changed much over the past century, as these pictures of Pittsburgh in 1905 and today show.



HOW FAR WE'VE COME

For much of America's history, working conditions weren't a high priority. Our forebears willingly endured harsh work lives for the goods and services work bought.

As the Industrial Revolution burst forth in the 19th century, workers migrated from family farms to factories, from the Old World to the new. They saw their paychecks rise but became, like Charlie Chaplin's character in *Modern Times*, mere cogs in a vast engine of mass production.

Work was often brutal. Early factories were noisy, smelly, dirty, cold in the winter and hot in the summer. The labor itself was repetitive, physically exhausting and often dangerous. Modern workers can hardly imagine what days were like for glue stirrers, lime burners, gravediggers and acid mixers.

To eke out a living, employees toiled an average 10 hours a day, Monday through Friday, plus another half day on Saturday. Breaks were few and far between. Work rules were draconian: no talking, no eating or drinking, not a minute late punching the time clock. (See Exhibit 1.)

The management guru who captured the ethos of the early industrial era was Frederick Winslow Taylor, a taskmaster armed with a stopwatch who pioneered the time-and-motion analysis that sped up the assembly line.

Taylor's regimen no longer holds sway. The management consultants of the new millennium advise employers to put the focus on the workers, not the work. The new corporate ethos recognizes that workers perform best in an environment where they're treated as human beings, not robots.

EXHIBIT 1

Now and Then

The 1920 book *Working Conditions, Wages and Profits* offers invaluable insight into the routine concerns workers in yesterday's companies faced. Injury, fatigue, strain, excessive temperatures, high humidity, poor ventilation, inadequate sanitation, disease, hazardous chemicals, long hours, rigid schedules, boredom, lack of toilet facilities—causes for concern were basic and near at hand.

Today's *100 Best Places to Work for in America*, compiled by the Great Place to Work Institute and published by *Fortune* magazine, reveals a whole higher level of concerns. Interesting and meaningful work, respect, job status, buy-in to company objectives, flextime, bonuses, inclusion, communication, feedback, empowerment, friendly coworkers, comfort, wellness classes, on-site day care, autonomy, paternity leave, same-sex partner benefits, employee activities, employee council, company culture—these issues frame the dialogue of the day. Concerns have progressed all the way from the bottom of Maslow's hierarchy of needs to the top—from physiological to self-actualization—reflecting the century's great progress in working conditions.



Then

- Stand in an assembly line.
- Operate dangerous machinery.
- Time—motion studies.
- Punch in and wait for the 5 o'clock whistle.
- 15-minute break, sack lunch and thermos.
- Smoke, soot and stale air.
- Dark, dank, dangerous conditions.
- Join a union to be heard.
- No phone, no window, no visiting.
- Work at the office, play elsewhere.
- Commute.
- Work your way up the company ladder.
- 50 years and a gold watch.
- Starved collar and a necktie.
- Power is position and job tenure.
- Trade school and a ratchet set.
- Blue collar, grease and Borax soap.
- A good job is hard to find.
- Search the local paper's help-wanted ads.
- Look for a job.
- Boredom from repeated tasks.
- Just do what you're told.

Our modern dialogue about jobs focuses on meaningful work, empowerment, communication, employee feedback and corporate culture. We're more likely to talk about the etiquette of the office refrigerator than problems with ventilation or sanitation. Today, hours are flexible, workstations are ergonomic and retirement savings are portable.

Our jobs still include elements of toil—they are, after all, work. But work is becoming something to enjoy, a source of enrichment beyond mere money—at least that's the expectation of a growing number of Americans.

In an economy that rarely experiences hard times, employers compete for scarce labor resources, and they've greatly eased the burdens of what was once called the daily grind. Yet the progress is rarely acknowledged. Popular culture feeds us an image of a beleaguered working class.

The comics' Dilbert, trapped in his stifling cubicle, suffers daily the slings and arrows of outrageous corporate stupidity. The movie *Office Space* portrays a workplace filled with mindless memos, mutinous office machines and frazzled employees. News stories depict today's workers as fearful of layoffs, stuck in meaningless pursuits or sacrificing their personal lives in a world where business goes on 24/7.

These descriptions may contain a grain of truth, but they don't reflect the experience of the great mass of Americans. It's time to examine what working conditions are really like.

Now

- Sit in a cubicle.
- Operate a computer.
- Ergonomic workstations.
- Flextime, just get the job done.
- Go out to eat, outside to smoke.
- Constant indoor air-quality analysis.
- Indirect lighting, central heat and air.
- Employee empowerment.
- Access to e-mail, eBay and coworkers.
- Work and play blur.
- Telecommute.
- Cultivate your core competencies.
- Portable 401(k) plans and an early out.
- Khakis and a polo shirt.
- Power is ideas and vision.
- Technical school and software certification.
- Lab coat and a clean-room suit.
- Four job offers and a signing bonus.
- Park your resume on the Net.
- Pursue a career.
- Interesting and meaningful work.
- Think and grow rich.



IT'S NO ACCIDENT

"Safety first" could be the motto of today's workplace. Accidents still happen, of course, but far less often than they once did. On-the-job deaths are at an all-time low, dropping to 38 per million workers in each of the past two years. Over time, the decline has been steady and sharp—from 428 per million in 1930 to 214 in 1960, 134 in 1980 and 87 in 1990.

Occupational injuries and illnesses are declining, too, reaching an all-time low of 63 per thousand full-time workers (59 per thousand for injuries alone). What's more, injuries are less severe than they once were, with fewer workers suffering such calamities as amputations and loss of sight. (See Exhibit 2.)

Riskier industries show the greatest gains in safety. Accident rates in construction, the most dangerous field, are less than half what they were in 1973. Mishaps in manufacturing are down nearly 48 percent. Safer industries, characterized mostly by office work, haven't improved as much, but they, too, report fewer accidents than they did a generation ago.

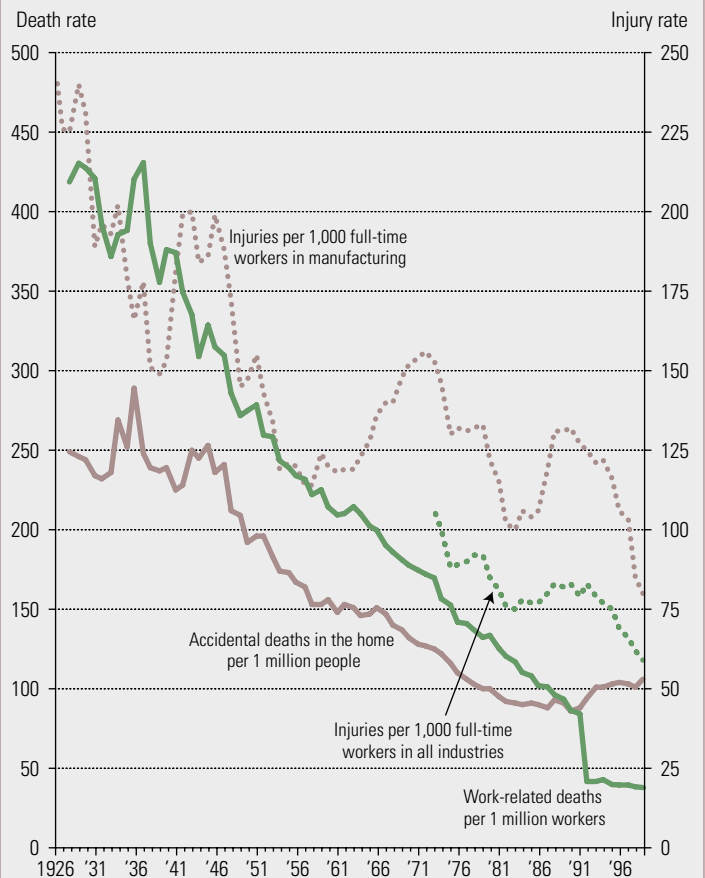


EXHIBIT 2

First, Do No Harm

Even before the birth of the skyscraper, America needed structural metalworkers, a clearly dangerous job. In 1998 alone, these workers sustained 4,990 injuries, making this occupation the third most injurious in the country. Injury rates for structural metalworkers are 264 times higher than those for lawyers, and work-related deaths are 43 times higher. Commercial fishing is the deadliest occupation, whereas waiting on tables is the least fatal. Not surprisingly, many of the most dangerous jobs involve operating various kinds of machines.

Accidents and Deaths, on the Job and at Home



Life is inherently risky, but businesses have incentives to reduce risks at work so as to attract and retain valuable, productive employees. That's why the death rate at work has declined far more than that at home over the past 70 years. Work-related deaths have dropped by 91 percent—from 419 per million employees annually in 1928 to 38 per million today—while deaths at home are down just 57 percent. Smart machines, increasingly prevalent in the New Economy, are helping cut injury and death rates even further.

5 MOST DEADLY JOBS



① Fishers, hunters, trappers



② Lumberjacks



③ Farm managers



④ Pilots, navigators



⑤ Structural metalworkers

MOST INJURIOUS

- 117 Production assistants
- 99 Driver/sales workers
- 79 Structural metalworkers
- 75 Nonconstruction laborers
- 70 Public transportation attendants
- 62 Machine feeders and off-bearers
- 62 Construction and extractive trades helpers
- 55 Punching and stamping machine operators
- 54 Construction laborers
- 51 Grinding and polishing machine operators
- 51 Sawing machine operators
- 51 Insulation workers
- 48 Welders, cutters
- 47 Molding and casting machine operators
- 44 Nursing aides, orderlies
- 44 Truck drivers
- 44 Furnace, kiln and oven operators, except food
- 43 Kitchen workers
- 42 Separating, filtering, clarifying machine operators
- 39 Glaziers

13 Industry Average

LEAST INJURIOUS

- .8 Drafting occupations
- .7 Typists
- .7 Education administrators
- .7 Economists
- .6 Library clerks
- .6 Data processing equipment repairers
- .5 Management analysts
- .4 Child care workers
- .4 Correctional institution officers
- .4 Securities and financial services salespeople
- .3 Underwriters
- .3 Dentists
- .3 Lawyers
- .3 Secondary schoolteachers
- .3 Civil engineers
- .3 Real estate agents
- .2 Physicians
- .2 Elementary schoolteachers
- .1 Special education teachers
- .1 Religious workers

Annual nonfatal work-related injuries involving lost workdays per 1,000 employees.

MOST DEADLY

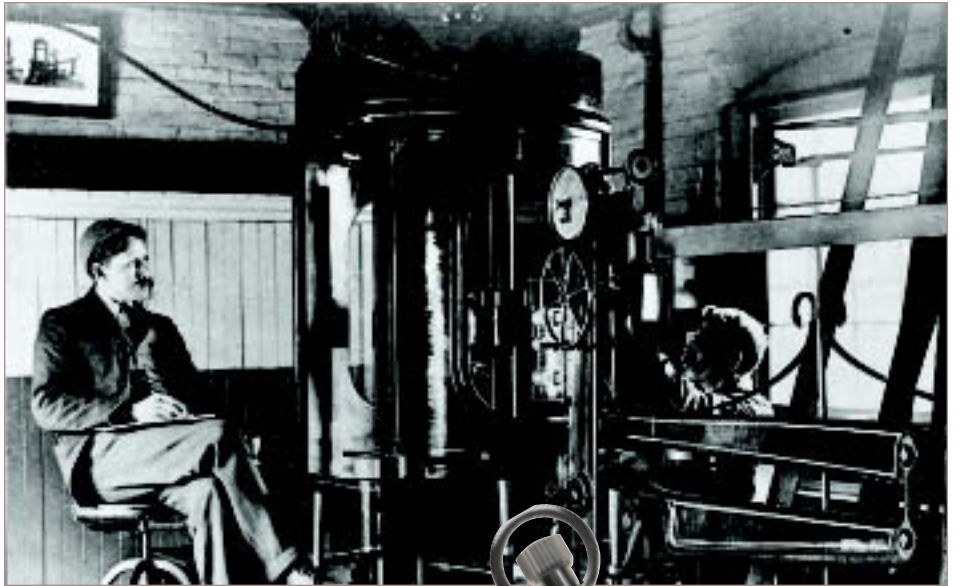
- 1,560 Fishers, hunters and trappers
- 1,545 Timber cutters and loggers
- 808 Farm managers, except horticultural
- 657 Airplane pilots and navigators
- 606 Structural metalworkers
- 491 Water transportation occupations
- 371 Construction laborers
- 362 Extractive occupations
- 356 Grader, dozer and scraper operators
- 345 Garbage collectors
- 288 Truck drivers
- 276 Roofers
- 273 Taxicab drivers, chauffeurs
- 269 Heavy equipment mechanics
- 263 Farmworkers
- 263 Driver/sales workers
- 259 Farmers, except horticultural
- 254 Electrical power installers and repairers
- 226 Rail transportation occupations
- 223 Sheriffs, bailiffs, other law enforcement officers

45 Industry Average

LEAST DEADLY

- 33 Property and real estate managers
- 31 Machinists
- 30 Janitors and cleaners
- 29 Supervisors and proprietors, sales occupations
- 25 Electrical and electronic technicians
- 20 Miscellaneous food preparation personnel
- 19 Securities and financial services salespeople
- 18 Cashiers
- 17 Stock and inventory clerks
- 14 Lawyers
- 14 Maids, housemen
- 12 Marketing, advertising, public relations managers
- 10 Stock handlers and baggers
- 10 Postsecondary teachers
- 10 Social workers
- 10 Assemblers
- 9 Cooks
- 9 Registered nurses
- 7 Accountants, auditors
- 5 Waiters, waitresses

Annual work-related deaths per 1 million employees.



Observations made by Mr. Wolle, March 11, 1899, on John Haplin and Joseph Yamish in loading full pigs (average weight 92 lbs.) on B. & Q. car # 54285, together with 10 other laborers from Hack's Gang. The full load of 57680 lbs. was loaded in 54 minutes, which represents very slow work, the men crowding each other too much to do their best. The weather was cloudy, with a temperature of about 55°.

TABLE NUMBER ONE

| Condition of work | Average walk on level 5 feet. | | | Walk on plank 18 feet with 5 ft. rise. | | | Top of car 2 ft. 6 in. above top of plank. | | | | | | | | | | | |
|-------------------|-------------------------------|------------------|----------------------------------|--|------------------|----------------------------------|--|------------------|----------------------------------|--------------------------------|------|-------|-----------------------------------|--|--|---------------------------------------|--|--|
| | Max. time in min. | Min time in min. | Average time of 15 observations. | Max. time in min. | Min time in min. | Average time of 15 observations. | Max. time in min. | Min time in min. | Average time of 15 observations. | | | | | | | | | |
| | Operation #1. Picking up pig. | | | Operation #2. Walking to car with pig. | | | Operation #3. Throwing pig into car. | | | Operation #4. Walk back empty. | | | Operations 2&3 observed together. | | | Operations 1,2,3&4 observed together. | | |
| Haplin | 0.50 | 0.15 | 0.316 | | | | 0.35 | 0.18 | 0.258 | 0.30 | 0.17 | 0.226 | | | | | | |
| Yamish | 0.25 | 0.05 | 0.101 | | | | 0.12 | 0.08 | 0.093 | 0.17 | .05 | .108 | | | | | | |

EXHIBIT 3

What Price Productivity?

In the late 1800s, engineer Frederick Winslow Taylor pioneered his revolutionary time-motion studies. Taylor brought his stopwatch to the shop floor, where he logged workers' every movement to scrutinize, shortcut and speed up. Taylor's methods raised productivity and hastened the move to mass production, but not—many thought—without cost in terms of working conditions. Such classic films as Fritz Lang's *Metropolis* projected the foreboding future Industrial Age workers foresaw as human automatons. Cold-blooded corporations, seeking ever-greater productivity, would consign workers to mind- and body-numbing repetitive-motion jobs, in which every day was worse than the one before. At least, that was the fear. But was it the reality? Hardly.

Since the creation of the first assembly line, with all its associated humdrum, the invisible hand of free markets has generated new and better jobs for manual workers, replacing repetitive jobs with professional and technical careers and creative pursuits. During the half century from 1900 to 1950, the fraction of American workers employed in nonfarm manual jobs rose from 36

percent to 41 percent. The economy busily shed even more agricultural laborers, though, cutting them from 38 percent to 12 percent. And since 1950 there has been a steady downward trend in nonfarm manual jobs, which fell to 25 percent of total U.S. employment in 2000. Farm jobs fell to 2.5 percent. The share of jobs held by managers and professionals rose from 10 percent to 30 percent over the century, and those held by technical workers, salespeople and administrative support staff went up from 7.5 percent to 29 percent.

Of course, some monotonous and tiresome jobs—such as assembler and machine operator—will always exist. Punching, stamping, slicing, cutting, sawing, sewing, grinding, polishing—a selected 3 million machine operators make up just 2.2 percent of the employed labor force today but account for more than 14 percent of all repetitive-motion injuries. Assemblers make up just 1.2 percent of the labor force but account for 11 percent of all such injuries. The mere fact these jobs aren't popular tends, in the long run, to be the source of their undoing. Over just the past three decades, the fraction of Americans employed in the 20 jobs most prone to repetitive-motion injury has fallen by almost two-fifths—from 11.3 percent to 6.9 percent.

Repetitive-motion trauma, including carpal tunnel syndrome, gets a lot of attention these days. Aches and pains from doing the same tasks over and over, however, didn't originate with the computer. In fact, repetitive-motion injuries plagued the Industrial Age, when factory workers—prodded on by time-motion studies—permanently injured themselves performing the same task for hours on end. (*See Exhibit 3.*)

The shift of the economic base has actually reduced reliance on occupations with repetitive motion. At their peak in the early 1950s, so-called manual jobs—operators, fabricators, plus laborers and craftsmen—made up 41 percent of all occupations. Today, they're just 25 percent. Two broad categories of white-collar jobs with a lower incidence of repetitive-motion injuries—managers, professionals, salespeople and administrative support staff—rose from 37 percent of employment in 1950 to 60 percent in 2000. Meanwhile, the broad category with the greatest incidence of repetitive-motion injury—operators, fabricators and laborers—fell from 27 percent to 14 percent of employment.



This flywheel assembly process at a Ford plant, circa 1913, was typical of the kind of repetitive task that defined the early Industrial Age.

Repetitive Motion: The Tiresome 20

| | Incidence Rate | Percentage of U.S. Employment | |
|--|----------------|-------------------------------|------|
| | | 1970 | 2000 |
| 1 Production testers | 7.134 | .08 | .05 |
| 2 Assemblers | 4.885 | 1.28 | 1.21 |
| 3 Upholsterers | 3.950 | .08 | .05 |
| 4 Selected machine operators | 3.527 | 3.67 | 2.19 |
| 5 Hand packers and packagers | 3.417 | .72 | .27 |
| 6 Textile machine operators | 3.376 | 1.14 | .31 |
| 7 Production helpers | 2.950 | .18 | .06 |
| 8 Machine feeders and off-bearers | 2.855 | .14 | .06 |
| 9 Crane and tower operators | 2.671 | .17 | .05 |
| 10 Nonconstruction laborers | 2.618 | 1.19 | .97 |
| 11 Butchers and meat cutters | 2.453 | .36 | .20 |
| 12 Taxicab drivers and chauffeurs | 2.306 | .21 | .21 |
| 13 Order clerks | 2.251 | .13 | .23 |
| 14 Welders and cutters | 2.236 | .72 | .44 |
| 15 Telephone operators | 2.173 | .50 | .12 |
| 16 Kitchen workers | 2.162 | .09 | .23 |
| 17 Driver/sales workers | 2.140 | .36 | .12 |
| 18 Farm product graders and sorters | 2.131 | .03 | .05 |
| 19 Furnace, oven and kiln operators | 2.052 | .23 | .04 |
| 20 Miscellaneous handworkers | 1.777 | .02 | .07 |
| Average incidence rate (worst 20) | 3.377 | | |
| Total employment shares | | 11.30 | 6.93 |
| Average incidence rate (all jobs) | .580 | | |
| Incidence rates are per 1,000 employees. | | | |

America's shifting economic structure has provided an added boost to overall safety. With the move from the Industrial Age to the Information Age, jobs are migrating from riskier sectors to safer ones. Manufacturing, an industry with high accident rates, fell from 31 percent of all jobs in 1973 to 17 percent in 1999. Over the same period, a large, catchall category of service industries, with a good safety record, rose from 20 percent of employment to 34 percent. (See Exhibit 4.)

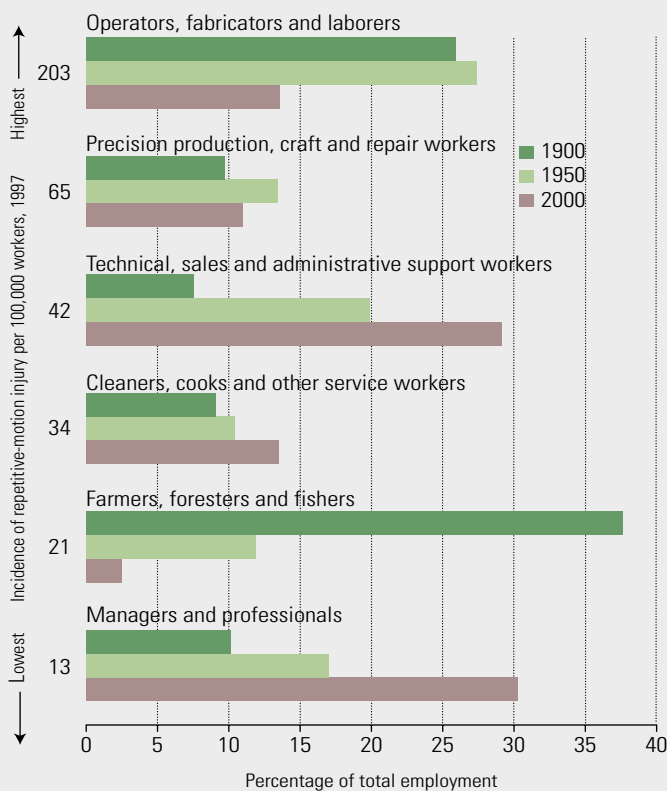
To put it succinctly: there's less risk of injury while pushing ideas around in the information economy. Workers are more likely to get hurt while engaged in the tasks of the Old Economy—lifting, cutting, drilling, digging, grinding and handling dangerous materials.

What about mental well-being? The federal government didn't even collect data on workplace stress until 1992. So unfortunately, we don't know how today's stress levels compare with those of the past. We do know this, though: debilitating stress has been cut in half in the past five years. (See Exhibit 5.)



EXHIBIT 4

The Demise of Repetitive-Motion Jobs and...



...The Move to Safer Industries

| Industry | Nonfatal Injuries per 1,000 Employees | | Percentage of U.S. Employment | |
|-------------------------------------|---------------------------------------|-----------|-------------------------------|-------------|
| | 1973 | 1999 | 1973 | 1999 |
| High-Accident Group | 154 | 80 | 46% | 30% |
| Construction | 198 | 84 | 6% | 6% |
| Manufacturing | 153 | 80 | 31% | 17% |
| Transportation and public utilities | 128 | 84 | 5% | 5% |
| Mining | 128 | 41 | — | — |
| Agriculture | 116 | 70 | 2% | 2% |
| Low-Accident Group | 68 | 48 | 54% | 70% |
| Trade | 86 | 60 | 26% | 28% |
| Other services | 62 | 46 | 20% | 34% |
| Communications | 29 | 26 | 2% | 1% |
| Finance, insurance and real estate | 24 | 16 | 6% | 7% |
| Total | 108 | 58 | 100% | 100% |

Construction and manufacturing are historically the industries with the highest accident rates, whereas finance, insurance and real estate are among the lowest. In every industry though, the workplace continues to get safer and safer. In manufacturing, accident rates fell by 67 percent over 1926–99. Workers have also migrated from higher-accident industries to lower-accident ones, driving the overall industry rate down even more.

Stress Test!

Ask any child "What do you want to be when you grow up?" and you'll often hear president, firefighter, astronaut, race car driver, police officer, football player—jobs that carry a lot of power and excitement but also a lot of stress. Many jobs we aspire to when we're young are among those *Jobs Rated Almanac 2001* ranks as most stressful.

As Information Age corporate structures flatten, spreading decisionmaking power outward, more of us are getting what we want at work—interesting and important jobs—though also, at times, the stress. The situation, however, appears to be improving. Government data on work-related stress disorders only go back to 1992. But after peaking in 1993, rates of debilitating stress have fallen to the lowest levels on record in nearly all industries. Stress tends to be highest in the financial sector and lowest in farming and construction.

10 MOST STRESSFUL JOBS



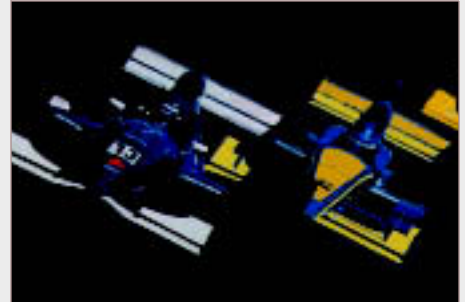
① U.S. president



② Firefighter



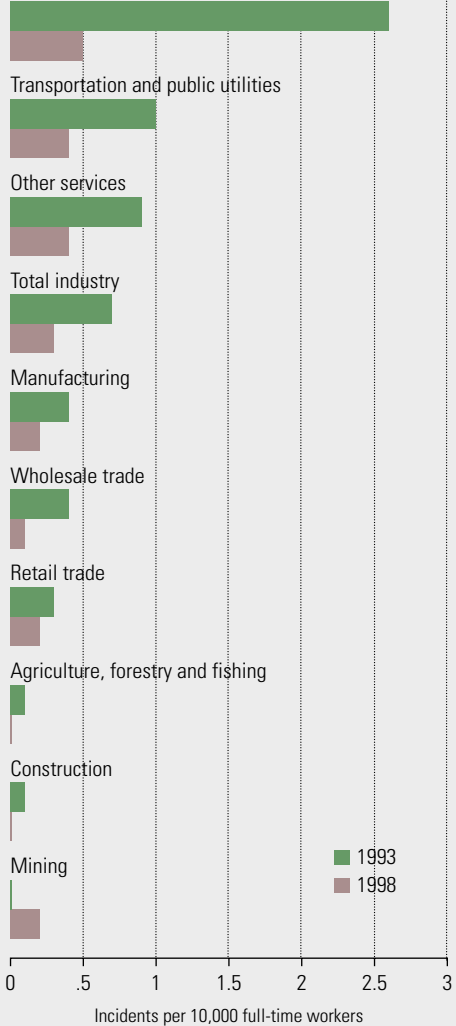
③ Senior corporate executive



④ Indy class race car driver

On-the-Job Stress

Finance, insurance and real estate



⑤ Taxi driver



⑥ Surgeon



⑦ Astronaut



⑧ Police officer



⑨ NFL football player



⑩ Air traffic controller

FINDING COMFORT AND FREEDOM

The work environment isn't just safer. It's also more pleasant.

For the vast majority of American workers, the office and factory floor are now clean, well-lighted places, more often than not, comfortably heated in the winter and cooled in the summer. An Energy Information Administration survey found that 92 percent of indoor work spaces were air-conditioned in 1995, up from 83 percent 16 years earlier. (See Exhibit 6.)

We're also dressing for comfort at work. Jeans, sport shirts and slacks are in. Ties and pantyhose are out. A July 2000 survey by catalog retailer Land's End found that dress had become more casual in the past five years at over 80 percent of *Fortune* 500 companies.

Spending on clothing reflects the trend. At the start of the 1990s, Americans split their purchases evenly between casual and dress clothing. By decade's end, casual clothing made up two-thirds of the spending.

Daily schedules are also being relaxed. Obviously, flexible hours aren't practical for all occupations. Teachers are still expected to be at school with their students.

EXHIBIT 6

Office Space

Popular comic strips such as *Dilbert* portray today's workplace as a soulless sea of shrinking cubicles. And statistics show office space per worker—calculated as total building floor space divided by total workers therein—has, indeed, fallen over the past decade. But is today's work environment worse than yesteryear's in terms of space?

Industrial Age assembly line workers had little room in which to work, and even office personnel were generally crowded into tight, shared spaces. In an economy that produced largely material goods, space was reserved for huge inventories of parts or finished products. Today's economy, however, often produces, transforms and moves information, which requires relatively little space. So it's not surprising that statistics on office space show declines over the past few years.

Moreover, while cubicle life has proliferated since its debut in 1968, it falls far short in representing the way all Americans work all of the time. Rather than becoming more homogenized, today's workplace increasingly extends to varied surroundings. Thanks to computers, e-mail and cell phones, a growing number of Americans are working outside the traditional office, at home or—for the especially lucky—from the golf course or beach. Even today's long-haul truckers don't have it so bad, with a hotel room and office in the cab.



Retail clerks must be at the cash registers when stores open. And factory workers can't be free to come and go as they please.

A growing number of Americans, however, are allowed to choose the time and place for work—just as long as the job gets done. In 1997, 27.6 percent of American workers were on flexible schedules, double the 13.6 percent in 1985. Many of them are leaving behind jobs that confined them to the workplace from 9 a.m. to 5 p.m. (See Exhibit 7, next page.)

With less rigid scheduling, both employers and employees win. Studies show employees on flextime are more productive, a benefit to the company. Workers can arrange their days to accommodate a doctor's appointment or a child's soccer game.

The trend toward flexibility shows up in the times wage and salary employees begin and end their workdays. While most Americans start work between 6:30 and 9:30 a.m., significant numbers of them arrive at other times of the day and night. When it's time to go home, workers leave at all hours, although a peak occurs between 3:30 and 6:30 p.m.



New technologies give employees freedom to do their jobs from home or just about anywhere else. Laptop computers, cell phones, fax machines, electronic mail and the Internet allow many employees to work without commuting to and from the office. Companies have an incentive to be flexible: after initial investment, telecommuting saves an average of \$8,634 a year per employee, according to JALA International Inc., an industry consultant.

Telecommuting, which began with just a few workers three decades ago, extended to 23.6 million Americans in 2000, nearly seven times the number in 1990. Today, commuters spend an average of 45 minutes a day going to and from their jobs. As more of us wean ourselves from the workplace, we will recapture that time for activities we find more worthwhile, whether work or leisure.

Even when at work, Americans aren't always doing the boss's bidding. According to University of Michigan time-diary studies, the average employee spends more than an hour a day engaged in something other than assigned work while on the job. They run errands, socialize with colleagues, make personal phone calls, send e-mail and surf the Internet. More than a third of American workers—a total of 42 million—now access the World Wide Web at work, and it's not always *to* work.



EXHIBIT 7

Free at Last

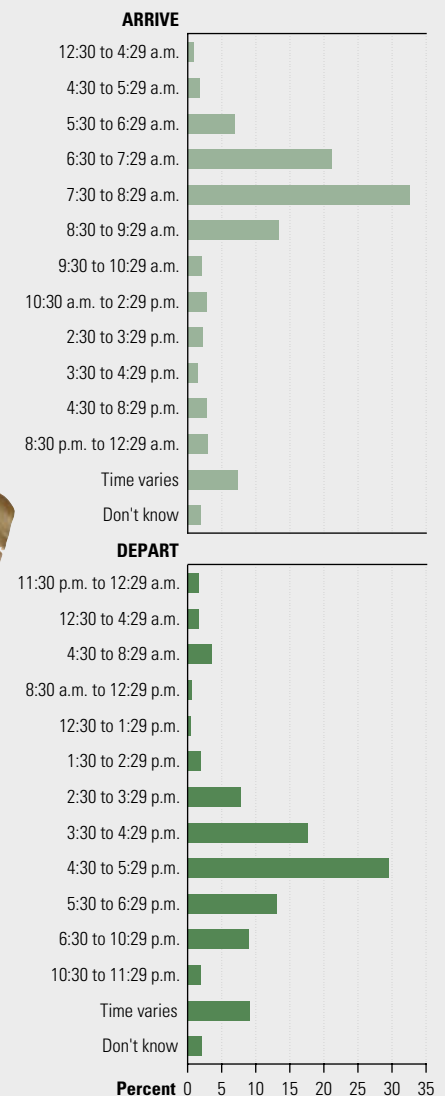
Contemporary movies like *Office Space* parody work as invading every corner of our lives. But does it really? While yesterday's factory worker may have found it easier to separate work from play, work schedules were often rigid and workplace rules draconian. Employees were expected to punch in on time, work straight through to a specified break without talking—or, sometimes, even chewing gum—and generally toe the line 'til the 5 o'clock whistle blew. Today, in an economy increasingly based on human capital, workers have more say in how they do their jobs.



1886 Corset Factory Rules

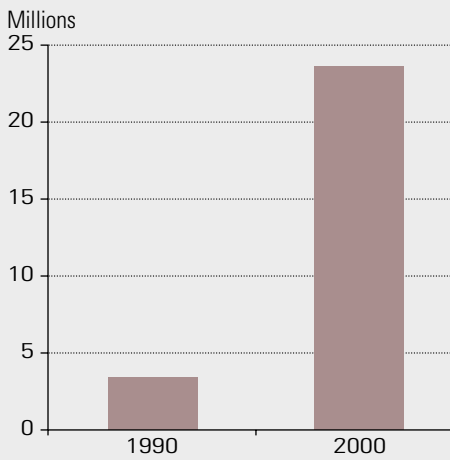
1. Hours of work will be from 7 A.M. to 12 P.M., and from 1 to 6 P.M.
2. Employes [sic] who are five minutes, or over, late will be fined. Those coming after 8 A.M. and 2 P.M. will not be admitted at all.
4. ... anyone bringing eatables of any description (candies included) into the workroom will be fined; in the case of repetition will be discharged.
6. Talking, singing or visiting each other during working hours is strictly forbidden. (Fined at discretion of forewoman.)
9. Only on presentation of an excuse ticket at the door will employes be permitted to leave the room during working hours.
12. Two weeks wages will be retained from each employe which will be payable to the employe provided he or she has complied with rule 13.
13. Employes intending to quit our employ must give a written notice of two weeks to the office. Employes leaving our employ before the expiration of six months, or without giving such notice, will forfeit the amount of their first two weeks wages.

Workin' 9 to 5?





Number of U.S. Telecommuters



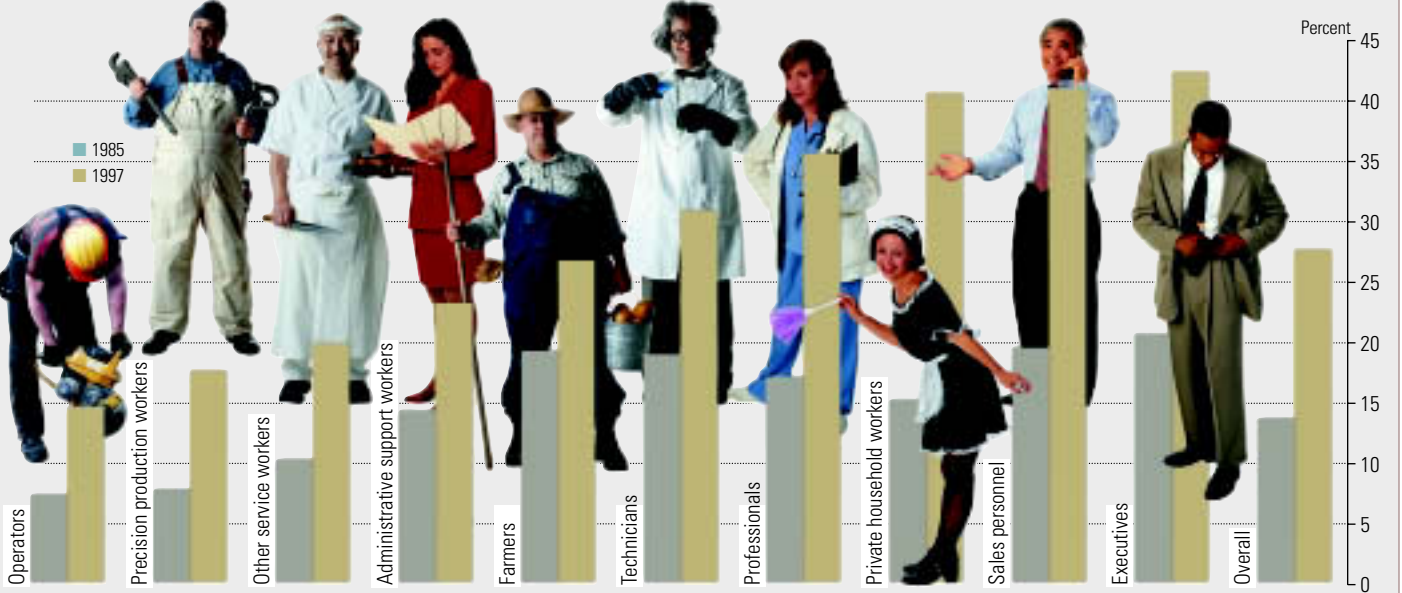
Cost of Equipment

- \$1,199 Dell Inspiron 3800 laptop
- 399 Palm Vllx handheld computer
- 70 Motorola alphanumeric pager
- 55 Nextel i550plus mobile phone
- 80 General Electric speaker phone
- 299 HP Officejet T45 printer, copier, scanner, fax
- \$2,102 Total



Per capita personal disposable income in the United States averaged \$25,689 at year-end 2000, roughly \$2,140 per month. For less than a month's income, one can set up office at home and on the go, with a laptop computer, printer, copier, fax, scanner, speaker phone, mobile phone, pager and handheld computer. The more inspired home worker can kick back and relax in La-Z-Boy's new Explorer e-cliner.

Workers on Flexible Schedules



PROVIDING A LITTLE EXTRA

As casual dress and flexibility enter the mainstream, cutting-edge companies are coming up with new extras for their employees. Trying to recruit and retain talented workers, they're offering exercise facilities, stock options, paternity leave, personal days off and company-paid entertainment. 401(k) retirement plans, which didn't exist before 1981, are now available at 81 percent of American companies. The next step will be increasing portability for benefit packages, so workers don't pass up better career opportunities just to hang on to existing perks.

Fortune magazine's latest version of the 100 best places to work, issued in January, shows how far companies are going to keep employees happy and productive. At 83

EXHIBIT 8

Enjoy!

work (wûrk) *n* 1. a strenuous activity marked by the presence of difficulty and the absence of pleasure.

This dictionary definition of work is clearly not the way most folks want to spend their day. Yet not more than a generation or two ago, work was just that—something we did to put bread on the table, not something we expected to enjoy. The American job has come a long way since then, at least for many of us. Increasingly, we expect to enjoy work—a seeming oxymoron, but something today's workers require in their quest to realize their full human potential.

A good way to gauge the progress in working conditions is to rank jobs, from best to worst, and see what's happened to employment in these areas. Using the *Jobs Rated Almanac* and ranking jobs on the basis of five major criteria—physical demands, stress, security, outlook, and job description and environment—reveals that the worst jobs have generally been around for a century or more and the best ones are relatively new.

The bottom line: employment in bad jobs is shrinking; in the good ones, it's growing. Employment in the 20 worst jobs has fallen from 16 percent of total U.S. jobs in 1900 to just 4.5 percent today. Relatively few of the best jobs even existed in 1900, but these 30 jobs make up 12.9 percent of all employment today. Projections for the decade show a continuation of the shift toward good jobs.



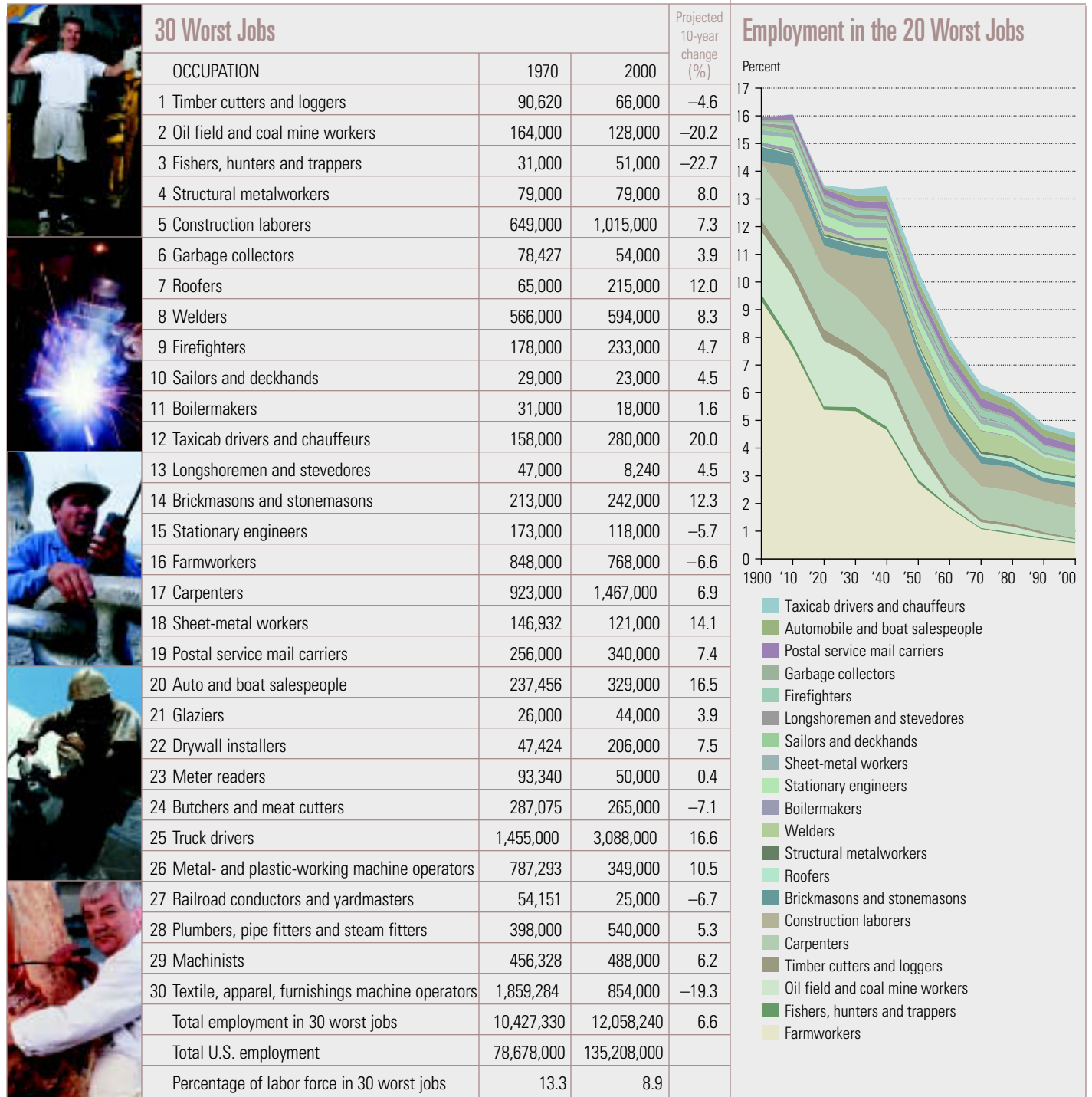
30 Best Jobs

| OCCUPATION | 1970 | 2000 | Projected 10-year change (%) |
|---|------------|-------------|------------------------------|
| 1 Financial managers | 218,181 | 784,000 | 14.0 |
| 2 Securities and financial services salespeople | 105,342 | 600,000 | 41.0 |
| 3 Mathematical and computer scientists | 206,599 | 2,074,000 | 92.5 |
| 4 Computer programmers, equipment operators | 325,742 | 1,020,000 | 14.1 |
| 5 Legal assistants | 17,400 | 387,000 | 62.0 |
| 6 Biological and life scientists | 27,525 | 114,000 | 35.0 |
| 7 Dieticians | 42,349 | 97,000 | 19.1 |
| 8 Chemists | 93,865 | 153,000 | 13.9 |
| 9 Medical and health managers | 57,128 | 752,000 | 33.3 |
| 10 Bookkeeping, accounting and auditing clerks | 1,662,297 | 1,719,000 | -3.9 |
| 11 Accountants and auditors | 637,761 | 1,592,000 | 11.3 |
| 12 Technical writers | 12,217 | 70,000 | 24.4 |
| 13 Insurance salespeople | 470,308 | 577,000 | 2.2 |
| 14 Medical scientists | 3,589 | 84,000 | 24.6 |
| 15 Purchasing managers | 43,136 | 123,000 | 7.1 |
| 16 Architects | 52,999 | 215,000 | 18.9 |
| 17 Speech therapists | 17,174 | 102,000 | 38.5 |
| 18 Health technologists and technicians | 272,283 | 1,350,000 | 25.2 |
| 19 Education and related fields administrators | 218,227 | 848,000 | 13.0 |
| 20 Occupational therapists | 10,190 | 55,000 | 34.2 |
| 21 Science technicians | 132,421 | 270,000 | 7.0 |
| 22 College and university teachers | 505,260 | 978,000 | 22.6 |
| 23 Pharmacists | 114,590 | 208,000 | 7.3 |
| 24 Engineers | 1,224,388 | 2,093,000 | 19.9 |
| 25 Veterinarians | 20,264 | 55,000 | 24.7 |
| 26 Geologists and geodesists | 23,844 | 56,000 | 15.5 |
| 27 Economists | 62,190 | 139,000 | 18.4 |
| 28 Management analysts | 31,786 | 426,000 | 28.4 |
| 29 Painters, artists and sculptors | 83,373 | 238,000 | 25.7 |
| 30 Public relations specialists | 78,239 | 205,000 | 24.6 |
| Total employment in 30 best jobs | 6,770,667 | 17,384,000 | 26.8 |
| Total U.S. employment | 78,678,000 | 135,208,000 | |
| Percentage of labor force in 30 best jobs | 8.6 | 12.9 | |

companies, employees can earn bounties for helping recruit new workers. Other employee perks include domestic-partner benefits at 47 companies, full-pay sabbaticals at 31, concierge services at 29 and on-site day care at 26.

The best companies are always trendsetters, but in time their practices become the standard for the entire economy. More Americans are holding good jobs—not only ones that pay well but also ones that offer all sorts of perks.

Jobs Rated Almanac 2001 ranks 300 occupations—from best to worst. To highlight working conditions, wages were removed from the equation, then the jobs reranked to see where employment is growing or declining. (See Exhibit 8.)



Since 1970, the 30 best jobs—including computer scientist, legal assistant and engineer—have risen from 8.6 percent to 12.9 percent of total employment. Even better, the number of jobs in these fields is projected to grow by almost 27 percent through the end of this decade.

Over the past three decades, the 30 worst occupations—from logger to textile worker—declined from 13.3 percent to 8.9 percent of all jobs. Overall, employment growth in these jobs is expected to slow to just 6.6 percent through 2009.

With working conditions getting better, it's not surprising that Americans are growing more content on the job. According to a 1999 Gallup poll, eight of 10 Americans say they're satisfied with their jobs, a finding that belies the frequent characterization of workers as discontented.

A look at organized labor provides indirect evidence of job satisfaction. Union activity tends to grow among aggrieved workers, but over the past 50 years union membership has declined from more than a quarter of the labor force to about an eighth. At the same time, workdays lost to labor troubles have plunged from 50 per thousand a year in the 1950s to just two per thousand in the 1990s. (See Exhibit 9.)

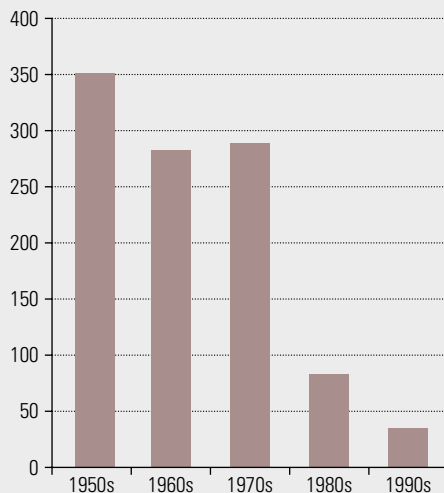
EXHIBIT 9

Are We Having Fun Yet?

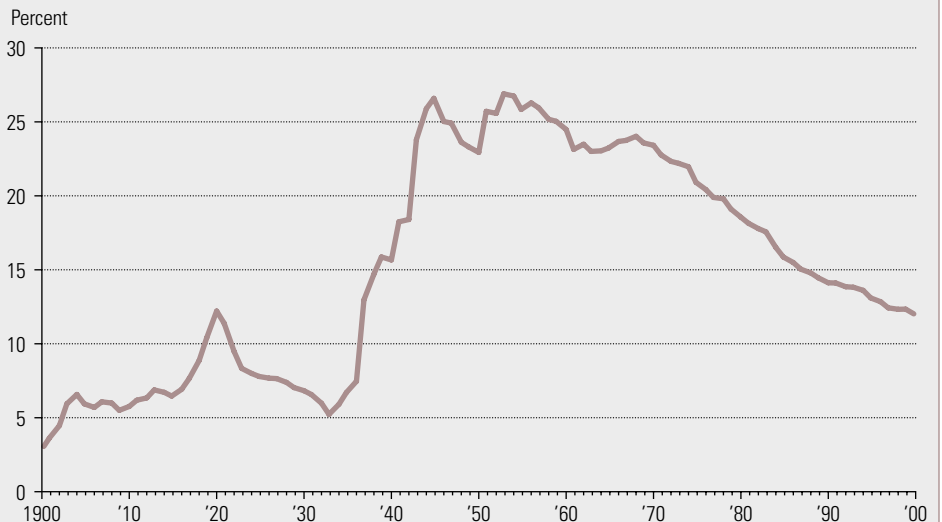
One good measure of progress is union activity. Workers tend to organize and strike when they have major grievances. Labor union membership grew from just 3 percent in 1900 to 27 percent in 1953 but has fallen steadily over the past half century. Today, just 12 percent of U.S. workers are unionized. What's more, work stoppages are down sharply. Strikes involving 1,000 or more workers have declined by nearly 90 percent over the past 50 years—from an annual average of 352 in the 1950s to just 35 per year in the 1990s.



Average Annual Work Stoppages



Unionization in America



No survey of Americans at work would be complete without considering what happens when people lose their jobs. Being out of work, while never pleasant, doesn't entail as much distress as it once did.

These days, jobs are plentiful in the United States. The ratio of help-wanted ads to unemployed workers has been rising since the mid-1990s and is now at a 30-year high. The jobless rate and initial claims for unemployment insurance are at their lowest since the late 1960s. (See Exhibit 10.)

As a result, unemployment is usually brief for most workers who lose their jobs. The number of Americans out of work more than five weeks fell to 2.2 percent of the labor force in 2000—a level unseen since 1969.

A tight labor market bodes well for working conditions. When employees can see alternatives to their present jobs, they're in a better position to bargain with employers—or leave for a situation that better meets their needs.

We've never had it so good. Over the years, the economy has delivered stunning progress in working conditions, making it easier for more of us to have the proverbial “nice day” on the job.

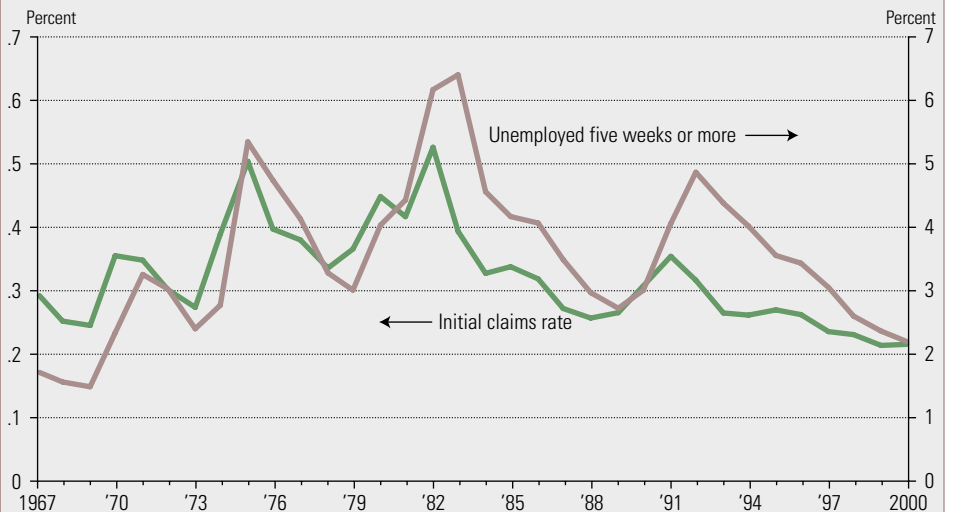
EXHIBIT 10

Help Wanted

San Francisco's Howard Street acquired the name “skid row” during the Great Depression as a place where the unemployed hung out to pass time and trade job leads. Farmers of the Dust Bowl era packed up and traveled across the country, looking for work. Job opportunities improved greatly after World War II, but unemployed workers still sought jobs in a limited local market, largely by perusing newspaper want ads. Today's job seekers can access more than 300 Internet job search engines, browse companies' web sites for openings and even park their resumes in cyberspace, allowing firms to bid for their talents. What's more, the number of job placement agencies has tripled over the past four decades. Of course, there's still the local paper, too. Add it all up and workers have perhaps the greatest employment security in decades. The fraction of the labor force that's been without work for more than five weeks is just 2.2 percent—the lowest since 1969—and unemployment claims relative to the labor force are just 0.22 percent, the lowest on record.



Jobless Rate and Unemployment Insurance Claims



www.jobs.com



Office workers, Sterling Offices Ltd., New York, 1959

WHAT WORKERS WANT

Economist Milton Friedman popularized the maxim that there's no such thing as a free lunch. So it is with better working conditions. They aren't free. Nor are they a matter of good intentions, labor power or political clout. Today's Americans have it easier on the job because strong economic forces act to improve our lives as workers, just as they do to improve our lives as consumers.

In any society, productivity is the wellspring of progress. Advances in technology, improved skills and superior management allow workers to produce more output from the same inputs of time and effort. We usually think of the payoff for productivity as greater consumer well-being—that is, enjoying more and better goods and services. But buying clothes, cars, electronic gadgets, cruises and restaurant meals isn't the only way workers can benefit from higher productivity. We can also take our gains in added leisure and better working conditions.

Consider a society that becomes twice as productive over a generation or so. Workers could put in the same number of hours under the same conditions and take all the productivity gains as income and consumption. Or they could forsake some of the added consumption and take their productivity gains as more time off. Or they could take the gains as improved working conditions.

Consumption, leisure and better working conditions are all what economists call "normal goods," the demand for which rises with income. As a society, we want more of each as we become wealthier.

Here's where Milton Friedman's admonition about free lunches comes into play. In a world of limited resources, we can't have *all* the consumption, leisure and working conditions we want. There are trade-offs: more of one means less of the others. We can't avoid making choices—sometimes difficult ones. Workers won't make the same choices over time. How they decide among income, leisure and working conditions changes with employees' preferences and a nation's level of economic development.

The transition from an agrarian to an industrial economy started in the 1830s, with the introduction of the steam engine. It accelerated after 1880, when new technologies—among them, electrical generators, internal combustion engines, motors and assembly lines—gave rise to a new method of production, the factory. Industrialization created one of history's great surges in productivity.

To reap the benefits of the Industrial Age, workers had to leave home and take their places beside other workers in a highly organized and specialized setting. The factory replaced the farm, cottage industry and craft shop that dominated the preindustrial economy.

Work on the farm or in a small business was less stressful than it was in the early factories. Laborers could go on breaks at their own discretion, spend time with their families during the day and take personal pride in what they produced with their hands. As a nation, however, we chose to tolerate harsh working conditions as the necessary price for increases in consumption. In the early years of the Industrial Revolution, most Americans were poor, and they wanted, above all, more goods and services.

These factory workers greatly improved their lives as consumers, even though for most of them it meant long hours of toil in surroundings we'd consider intolerable today. As America grew richer, what workers wanted began to change. Leisure became a higher priority, for example, and the average workweek shrank from 60 hours in 1890 to 40 hours in 1950.

In modern times, we're striking our own balance. Since entering the Information Age in the 1970s, we've put greater emphasis on working conditions, although our pay continues to rise and the working hours of many continue to fall. (See Exhibit 11.)

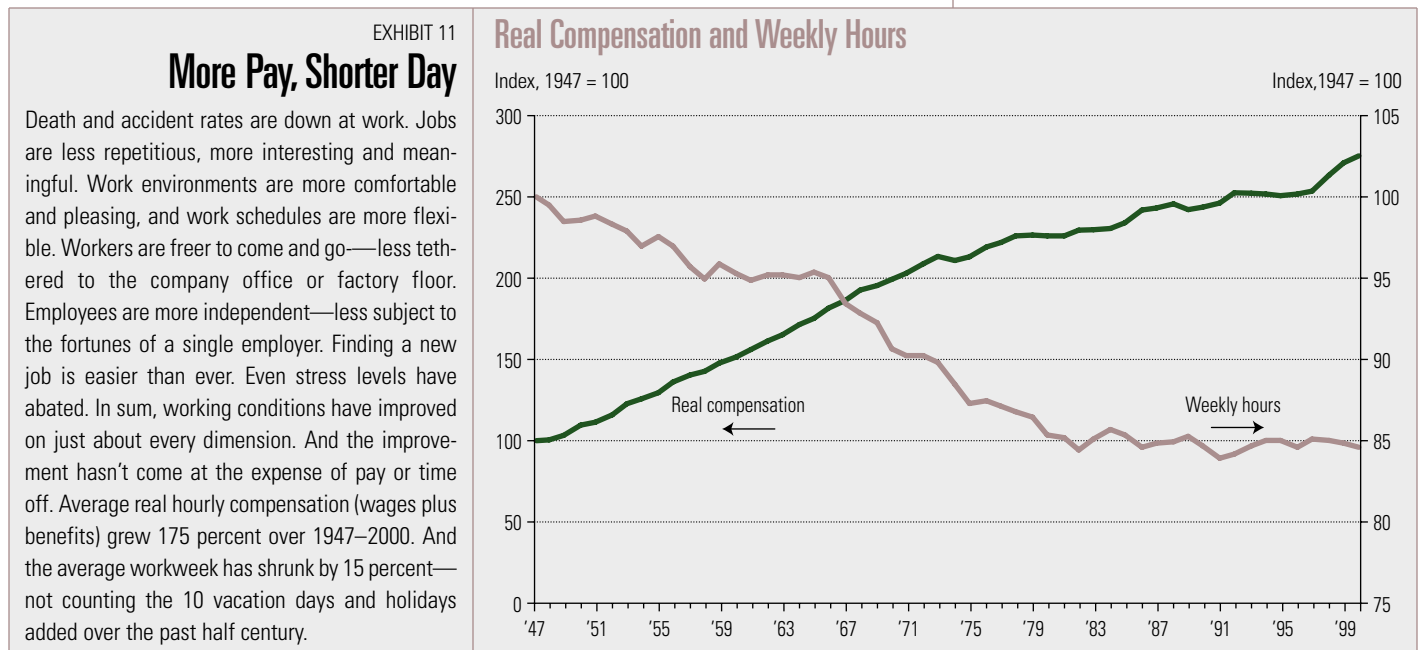
The monetary reward from work includes paychecks and fringe benefits provided by employers, such as health plans, retirement programs, unemployment insurance, vacations and holidays. Total compensation has grown by an average 1.87 percent a year since 1950, the high-water mark for the industrial economy. Add it up: what we earn nearly tripled in two generations, making the United States the world's leader in pay and fringe benefits.

In our opportunity economy, some professionals, managers and entrepreneurs are putting in killer hours. But that's the choice they make, in return for higher pay and faster career advancement than they might otherwise have. For the rank and file, the workweek has continued to shrink in recent decades. Average weekly hours of production workers declined from 39.8 in 1950 to 34.5 in 2000.

Over time, we've taken our productivity gains in different ways. In the early years of the Industrial Age, we preferred more consumption. As we grew richer in terms of goods and services, we chose additional time off. And now we're shifting our preferences toward better working conditions.



Throughout the Cotton Belt, workers picked cotton from sunup to sundown for less than 3 cents a pound. (Lehi, Arkansas, 1938)





Unemployed man (Omaha, Nebraska, 1938)



Waiting for relief checks (Childersburg, Alabama, 1941)

The evolution of what workers want echoes the work of American psychologist Abraham Maslow, who devised the famous triangle that ranks human needs from mere survival at the bottom to self-actualization at the top. Americans started at the base of Maslow's triangle, emphasizing the physiological needs for food, clothing and shelter. Only when these basic needs were met—that is, when we were rich with material goods and enjoying time off—did we achieve the luxury of making our days nicer with comfortable clothes and employee empowerment.

When it comes to economic progress, we chart productivity gains that bring higher wages. We measure the additional goods and services fatter paychecks allow us to buy. We even count the hours and minutes workers spend on the job. Our economic statistics don't measure nicer days on the job, however. No numbers reflect the added benefit of soft, indirect lighting, casual dress codes and air-conditioned offices.

Productivity, the prime yardstick for progress, consists of output per hours worked. The calculation is designed to capture our preferences for more goods and services and additional time off. When it comes to working conditions, though, the numbers miss what's going on.

When we measure, better working conditions are the ignored good. And as we take more and more of our gains in improved working conditions, the measurement error will get worse, not better. Our lives will improve, but the economic statistics won't reflect it.

MARKETS MAKE THE DIFFERENCE

Productivity doesn't fall like manna from heaven. It's earned through investment in new technology and the application of intelligence and hard work, then tested in the crucible of a competitive marketplace.

With each passing decade, a free enterprise economy, taking direction from the interplay of supply and demand, raises the average worker's output and provides companies with the ability to improve the lot of labor. Just as important, competition for labor drives employers to meet workers' desires for better treatment on the job. Companies attract and retain the most productive workers by improving the work environment. Those unsatisfied with their working conditions are free to seek jobs that offer them what they want.

Competition is as powerful a force for workers as it is for customers. In product markets, consumers get what they want—as long as companies can afford it. There's no reason to expect a different result in labor markets. Competition provides workers with what they want—as long as companies can afford it.

Better working conditions enter employers' balance sheets as part of the cost of doing business. Companies are willing to spend time and money on better working conditions out of self-interest, not altruism. They expect their investment to make employees more productive and more inclined to stay put. They expect it to increase the bottom line, too—and it does. *Fortune's* 2001 list of the 100 best companies to work for turned in a 10-year shareholder return of 36 percent, compared with just 18 percent for the S&P 500. On a three-year basis, the comparison was even better—30 percent versus 11 percent.

Cost and preferences determine how workers receive the rewards of higher productivity—whether in the form of wages, fringe benefits or better working condi-

tions. If workers want safety and providing it is relatively cheap, the likely outcome is improved worker safety. If additional safety measures are prohibitively expensive, firms will raise pay to compensate for the risk employees assume. It benefits neither the firm nor the worker to do otherwise.

For example, money furniture makers spend for safety guards on their saws could just as well have gone into employees' pockets. In strictly economic terms, the company shouldn't care whether workers prefer the money in cash or whether they appreciate the additional safety. It's all money to the firm. If the companies decide, against workers' wishes, to allocate their money to saw guards, workers may express their preferences by moving to another firm that pays them the way they want—in cash.

There are limits, of course, as there are in all areas of the economy. In a market economy, workers earn the value of their marginal product—the amount they contribute to final output. When employees cost more than they're worth, companies go out of business since competitors can offer consumers lower prices. Companies trying to pay below the marginal product will find labor scarce or less productive as the best workers migrate to jobs that provide better pay and working conditions.

Workers earn better working conditions by producing sufficient value for the firm. Gains not merited by higher productivity won't be sustained. Businesses that lose money or earn below-normal long-term rates of return will shut down, sending employees to the unemployment line.

Companies spend time and money to improve safety and the work environment as long as the benefits outweigh the costs. Businesses cannot allow workers to cost them more in the long run than their labor is worth, whether the expense goes for wages, fringe benefits or working conditions.

Better working conditions are yet another benefit of free enterprise. Some may doubt that, contending that government agencies, with their regulations, are responsible for easing the risks and burdens of work. Others might credit labor unions.

History tells us government and unions play their roles, but they aren't the ultimate source of progress in the workplace. They don't foot the bill for changes that benefit employees. The money comes from the firm, which gets a large part of it from the productivity of its workers.

Companies improve working conditions because they can afford to, not simply because workers, unions or government agencies demand it. The dismal work environment in now-defunct socialist nations—all supposedly designed to benefit the worker and eradicate the capitalist—provides a powerful testament to the fact that good intentions are hollow without the ability to pay.

The main role of collective action has been to provide a voice for labor, giving firms a better idea of how workers wish to get paid. When workers take their concerns to unions or elected officials, they help create consensus among employees and lower the cost of communicating their desires to employers.

In the long run, firms cannot afford any worker demand—whether it be for higher pay, greater health care benefits or a safer workplace—that workers don't earn by producing more for the firm.

When counting our blessings as workers, we should first thank the system, not the unions or the federal government.



THE ROAD AHEAD

As workers, we've come a long way from the Industrial Age's long, backbreaking days. Even after moving from sweltering factories to air-conditioned offices, though, Americans aren't yet at workplace nirvana. We still have a ways to go.

The good news for the future: we can be optimistic about realizing even better working conditions. Past gains flowed from two features of the American capitalist system—ever-greater productivity and competitive labor markets. Both factors will operate more powerfully in the years to come.

The American economy now looks like a juggernaut. Growth has slowed from the torrid pace of the past few years, but the fundamentals for sustained, strong expansion remain solid. Just look around:

- We're adopting technology at a furious pace. A mother lode of invention and innovation—from biotechnology and electronics to exotic materials and artificial intelligence—is refueling the economy while it's still flying.
- We're integrating technology into everyday life, getting hands-on experience with computers from kindergarten on. Today's students are tomorrow's workers, and they will start their careers with a technological savvy far ahead of their parents and the rest of the world.
- We're expanding our global reach. It will give Americans a head start in serving a potential market of 6 billion consumers.

In the second half of the '90s, the rate of productivity increases jumped from the previous three decades to 3.1 percent a year. Given all of America's advantages, we can expect the rapid gains to continue and at times even accelerate. A richer country will demand more of the normal good of better working conditions.

In the tight labor market we've experienced in the past six or seven years, workers possess a great degree of power. Employers competing for scarce workers will do what's necessary to attract them—be it offering flexible hours or relenting on coat-and-tie dress codes.



In today's workplace, "business casual" can refer to more than attire.



During the Dust Bowl era, families traveled clear across country looking for work.

If anything, the competition will intensify in the future because today's capital is not as much physical as it is intellectual. Machines, the chief asset of the Industrial Age, are bolted to the floor and locked up at night. Human capital, on the other hand, cannot be separated from the workers who possess it.

In today's world, valuable assets can walk out the door whenever they're not happy. What's more, today's technologies—and tomorrow's, too—will give workers added freedom. Information Age jobs are less tied to time, place and even employer. The new freedom is creating stress and long hours for some workers, but they're likely to find a more satisfying balance. In time, we learned to live with the Industrial Revolution, and in time we'll learn to accommodate the Information Revolution.

In the early years of the Industrial Age, employers had the upper hand because relatively unskilled labor is easily replaced. Now the balance of power in the marketplace is shifting in favor of workers. In an era of human capital, education and specialized skills make workers more valuable and raise the cost to companies of employee turnover. For employers, the Information Age brings increased incentive to pay attention to the needs and aspirations of workers.

On the road ahead, work will get better in myriad ways. More companies will offer the perks now found at the best jobs. More of us will find employers who are flexible on scheduling and open-minded on telecommuting.

As computer power doubles and then doubles again, product markets are moving toward greater variety and customization. We should see the same trend in the labor market, with jobs and working conditions tailored to the talents and tastes of individual workers.

The promise of the future even includes the prospect of bridging the divide that opened with the Industrial Revolution. Most of us still separate our lives into time we spend at work and time for family, friends and fun. The future of work will allow us to re-create a balance between work and leisure, between our jobs and our home lives. History will not so much repeat itself as reverse itself. The workplace of the future will be one that nurtures and values us as human beings.

Have a nice day!

—*W. Michael Cox and Richard Alm*

Acknowledgments

"Have a Nice Day!" was written by W. Michael Cox and Richard Alm. The essay is based on research conducted by Cox, senior vice president and chief economist, Federal Reserve Bank of Dallas. Sonja Kelly provided important research assistance throughout the course of the project. Also helping with research was Charlene Howell.

Selected References

Allen, Thomas B., ed., *We Americans* (Washington, D.C.: National Geographic Society, 1975).

Glennon, Lorraine, ed., *Our Times: The Illustrated History of the 20th Century* (Atlanta: Turner Publishing, 1995).

Grafton, John, *America: A History of the First 500 Years* (Avinel, N.J.: Crescent Books, 1992).

Mokyr, Joel, "Economic History and the 'New Economy,'" paper presented to the National Association for Business Economics, Chicago, September 12, 2000.

Price, C. W., Orval Simpson, Dale Wolf et al., *Working Conditions, Wages and Profits* (Chicago: A. W. Shaw, 1920).

Taylor, Frederick Winslow, *The Principles of Scientific Management* (New York: Harper, 1911).

Credits

Photos and illustrations courtesy of:

Chicago Board of Trade (p. 12 right)

Ford Motor Co. (p. 11)

George Eastman House (p. 8)

Library of Congress, Prints & Photographs Division:

Detroit Publishing Company Collection, D4-42930 (p. 14 lower)

Farm Security Administration,
Office of War Information Collection
USF34-034044-D DLC (p. 6 upper)
USF33-011624-M1 DLC (p. 23)
USF34-042266-D DLC (p. 14 upper)
USF33-020923-M4 DLC (p. 20)
USZ6-001023 DLC (p. 21)
USF33-T01-001276-M4 DLC (p. 24 upper)
USF33-020940-M4 DLC (p. 24 lower)
USZ62-056051 (p. 27)

Gottscho-Schleisner Collection,
G613-74771 DLC (p. 22)

Panorama Photographs Collection,
PAN US GEOG—Pennsylvania, no. 80 (p. 5 upper)

La-Z-Boy® (p. 17 center)

Mack Trucks Inc. (p. 15 lower left)

Milstein Division of United States History, Local History and Genealogy, The New York Public Library, Astor, Lenox and Tilden Foundations (p. 4)

Steven Pemberton, Amsterdam (p. 5 lower)

Stevens Institute of Technology—Library (p. 10)

Exhibit Notes and Data Sources

Exhibit 2

Accidents and Deaths, on the Job and at Home

Deaths: *Injury Facts*, National Safety Council, 2000.

Manufacturing injuries: *Historical Statistics of the United States: Colonial Times to 1970*, Census Bureau, 1975; *Statistical Abstract of the United States*, various years; "Work-related Injuries, Illnesses and Fatalities in Manufacturing and Construction," *Compensation and Working Conditions*, Bureau of Labor Statistics, Fall 1999; Bureau of Labor Statistics.

Industry injuries overall: Bureau of Labor Statistics.

The Most and Least Injurious and Deadly Jobs

Bureau of Labor Statistics. 1998 data are the most recent available for injuries, 1999 data for deaths. *Religious workers* are those not classified elsewhere.

Exhibit 3

What Price Productivity?

F. W. Taylor observation sheet adapted from one in the Samuel C. Williams Library at the Stevens Institute of Technology.

Repetitive Motion: The Tiresome 20

Census Bureau; Bureau of Labor Statistics. 1997 data are the most recent available. *Assemblers* includes electrical and electronic equipment assemblers. *Selected machine operators* consists of molding, casting, punching, stamping, grinding, polishing, slicing, cutting, sawing, packaging, filling, painting, spraying, separating, filtering, clarifying, laundering, drycleaning, miscellaneous and machine operators not elsewhere classified.

Exhibit 4

The Demise of Repetitive-Motion Jobs

Incidence rates: Bureau of Labor Statistics. 1997 data are the most recent available.

Employment: *Historical Statistics of the United States: Colonial Times to 1970*; Bureau of Labor Statistics.

The Move to Safer Industries

Statistical Abstract of the United States, 1975; Bureau of Labor Statistics. Employment is a percentage of total U.S. private employment. Mining was 0.01 percent in both 1973 and 1999.

Exhibit 5

10 Most Stressful Jobs

Jobs Rated Almanac 2001 (New York: St. Martin's, 1999).

On-the-Job Stress

"Occupational Stress, Counts and Rates," *Compensation and Working Conditions*, Bureau of Labor Statistics, Fall 1999; Bureau of Labor Statistics. 1998 data are the most recent available.

Exhibit 7

Number of U.S. Telecommuters

"Telework—The Future Is Now," Joanne Shore, www.pueblo.gsa.gov/telework.htm.

Workin' 9 to 5?

Bureau of Labor Statistics. 1997 data are the most recent available. Hours are for full-time workers as a percentage of all workers ages 16 and older.

Workers on Flexible Schedules

Unpublished Bureau of Labor Statistics data; "Flexible Schedules and Shift Work: Replacing the '9-to-5' Workday?" *Monthly Labor Review*, June 2000, Bureau of Labor Statistics.

Exhibit 8

Enjoy!

Data going back to 1900 are generally unavailable for anything beyond the 20 worst jobs.

30 Best Jobs; 30 Worst Jobs

Jobs Rated Almanac 2001; *Historical Statistics of the United States*; Census Bureau; *Occupational Outlook Handbook*; Bureau of Labor Statistics; "Occupational Employment Projections to 2008," *Monthly Labor Review*, November 1999. Projections are as of 1998. All occupations had 30,000 or more workers sometime during 1970–2000. *Chemists* excludes biochemists, who are included under biological and life scientists. *Health technologists and technicians* excludes licensed practical nurses.

Employment in the 20 Worst Jobs

Jobs Rated Almanac 2001; *Historical Statistics of the United States*; Census Bureau; Bureau of Labor Statistics; *Occupational Outlook Handbook*, 2000–01 edition, Bureau of Labor Statistics.

Exhibit 9

Average Annual Work Stoppages

Bureau of Labor Statistics. Average annual stoppages involving 1,000 or more workers, beginning in the period.

Unionization in America

Union membership: *Historical Statistics of the United States*; Bureau of Labor Statistics.

Civilian labor force: *Historical Statistics of the United States*; Economic Report of the President; Bureau of Labor Statistics.

Exhibit 10

Jobless Rate and Unemployment Insurance Claims

Bureau of Labor Statistics.

Exhibit 11

Real Compensation and Weekly Hours

Bureau of Labor Statistics.



ABOUT THE DALLAS FED

The Federal Reserve Bank of Dallas is one of 12 regional Federal Reserve Banks in the United States. Together with the Board of Governors in Washington, D.C., these organizations form the Federal Reserve System and function as the nation's central bank. The System's basic purpose is to provide a flow of money and credit that will foster orderly economic growth and a stable dollar. In addition, Federal Reserve Banks supervise banks and bank holding companies and provide certain financial services to the banking industry, the federal government and the public.

The Federal Reserve Bank of Dallas has served the financial institutions in the Eleventh District since 1914. The district encompasses 350,000 square miles and comprises the state of Texas, northern Louisiana and southern New Mexico. The three branch offices of the Dallas Fed are in El Paso, Houston and San Antonio.

Kay Champagne, Publications Director

Monica Reeves, Editor

Patti Holland, Art Director

Laura J. Bell, Chart Designer

Gene Autry, Photographer

Federal Reserve Bank of Dallas

2200 North Pearl Street
Dallas, TX 75201
(214) 922-6000

El Paso Branch

301 East Main Street
El Paso, TX 79901
(915) 544-4730

Houston Branch

1701 San Jacinto Street
Houston, TX 77002
(713) 659-4433

San Antonio Branch

126 East Nueva Street
San Antonio, TX 78204
(210) 978-1200

Web Site

www.dallasfed.org