

SKILLED LABORER

U.S. Secretary of Labor Elaine L. Chao visits NYSE Euronext to promote the benefits of financial education.

BY LAUREN DONALDSON

WHEN ELAINE L. CHAO ARRIVED IN THE U.S. from Taiwan at age eight, she didn't know a word of English. By 2001 she was the first Asian American woman to be appointed to a U.S. president's cabinet. Chao, a former CEO of United Way of America, says her immigrant experiences made her well aware of the importance of education for all U.S. workers. This summer she discussed the need to provide financial education for women in the workplace at "Wi\$eUp: The Benefits of Creating a Financially Savvy Employee," a conference sponsored by Wi\$eUp, a financial education program developed by the U.S. Department of Labor Women's Bureau. Chao delivered the keynote address to CEOs and human resources executives from Fortune 1000 companies. Following her speech on Wall Street and after ringing The Closing Bell™ at NYSE Euronext, Chao sat down with *nyse magazine* to discuss employee empowerment and how companies and the government can work together to develop beneficial labor policies.

What are the biggest concerns of CEOs regarding labor?

Many employers say they have difficulties finding and hiring skilled labor. There is a skills gap in the U.S. Our country is evolving into a knowledge-based economy. Nearly two-thirds of all the new jobs being created require post-secondary education or training, and they require more creativity and critical thinking. So workers with these talents are in greater demand.

In the next decade, the U.S. will need nearly 3 million new health-care professionals and nearly 1 million new engineers. We also need workers in other high-growth industries, including nanotechnology, geospatial technology and the life sciences. Preparing a higher-skilled, more educated workforce is clearly the future of our country in the worldwide economy. Our society rewards hard work, creativity,

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SECRETARY CHAO SPEAKS WITH CNBC'S DYLAN RATIGAN.

risk taking and individual initiative. Those are unique qualities that constitute our country's strongest competitive advantage in the world.

The Department of Labor's focus is to work with the public, private and nonprofit sectors to

ensure that we are constantly investing in our workforce, training them and retraining them so they can access the good-paying jobs that are developing in fast-growing industries.

How should CEOs deal with labor issues?

Pay attention to public policy. Corporate CEOs have a lot on their plates, and they are very busy people. But the decisions that are made at their state capitals and in Washington, D.C., can dramatically affect the way they do business.

What should the next administration's Department of Labor focus on?

As the first Secretary of Labor in the 21st century, my focus has been to increase the competitiveness of America's workforce by investing in it and concentrating on job training. I've also been very concerned about job creation and ensuring that public policy doesn't curtail growth in our economy. The government must act responsibly to form an environment in which economic vitality and job creation can occur. That means not increasing taxes or issuing too many regulations that hamper the growth and creation of new jobs. It also means reducing the excessive litigation burden on our society.

We also must address our country's energy crisis. The price of energy has more than doubled in the past year. High energy prices are a direct tax on our economy. We need a comprehensive energy strategy that will increase the domestic supply of oil, develop alternative fuels and encourage conservation. We have to consider offshore drilling and work with the states to make that happen. California does not want offshore drilling, and that's fine. But Florida and Virginia do, and they should be allowed to drill off their coasts.

At a recent *nyse magazine* CEO roundtable in Paris, CEOs of non-U.S. companies voiced concerns about protectionist policies. How does protectionism affect the U.S. labor picture?

There's been a lot of demagoguery stating that globalization creates a downward spiral in living standards. Nothing is further from the truth. Overall, trade increases the standard of living. History has proved that again and again. The surest way to ensure our economy will worsen is to erect protectionist barriers. The way to respond to globalization is to focus on developing human talent, which is a pivotal factor in overall competitiveness, and to ensure that the American workforce is continuously trained and retrained to acquire new skills that help our country remain competitive. The country's advantage is the tremendous creativity, ingenuity and innovation of our workforce.

Why should companies offer financial education, particularly for women?

Employers must increase the financial literacy of employees. I'm especially concerned about encouraging women to plan for their retirement at an earlier age. The Wi\$eUp program helps women access the tools they need, both in classes and online, to better plan for retirement. Employees need access to financial planning and education during convenient times. Flexibility gives workers the opportunity to learn at their own pace. It's important for women especially to think about their own retirement security, because, first, they tend to live longer than men, and second, a lot of women enter and exit the workforce throughout their careers, making it difficult for them to accumulate seniority and benefits. A gender gap exists in retirement savings. The Wi\$eUp program targets that gap. My attendance at this conference allowed me to ask employers to pay more attention to helping their employees, particularly women, gain greater financial security.



How can executives provide that education or make employees aware that it's available?

Most employers offer defined-contribution plans, such as 401(k)s. Yet so many employees don't take advantage of those programs. For young people especially, it's hard to think about retirement, but there's nothing like the magic of compound interest. One of our goals at the Department of Labor is to encourage people to invest early so they can take advantage of com-

pound interest. Executives can work with their companies' human resources staff to promote greater financial literacy by talking about options and emphasizing their programs.

The Pension Protection Act of 2006 provides that unless employees opt out, employers may automatically enroll them in a 401(k) defined-contribution plan. That's an important tool to help employees build up retirement savings. I hope executives recognize this reform and help enroll their employees. ■

BY THE NUMBERS

The Pension Protection Act of 2006 lets employers automatically enroll employees in 401(k) plans. Some statistics driven by the act include:

\$70 billion to \$134 billion The projected additional amount American workers will save for retirement by 2034 as a result of the act, which facilitates automatic enrollment plans and encourages investments appropriate for long-term retirement savings, reports the U.S. Department of Labor.

56% The percentage-point increase (from 19 percent to 75 percent) in 401(k) participation rates for newly hired Hispanic workers when their employers adopted automatic enrollment.*

98% The percentage of participants in a Retirement Made Simpler survey who reported they are glad their companies offer automatic enrollment.†

* Information obtained from "Retirement Security for Latinos: Bolstering Coverage, Savings and Adequacy," released by The Retirement Security Project in July 2005.

† Information obtained from a report released July 17, 2008, by Retirement Made Simpler, a coalition formed by AARP, the Financial Industry Regulatory Authority and the Retirement Security Project.