

Speeches by Charlotte M. Ponticelli

As prepared

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**Remarks by Charlotte M. Ponticelli
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Ministers, Mr. Secretary General Insulza, Mr. Director General Somavia, and esteemed colleagues:

Before delivering my formal statement, I want to take a moment to offer condolences to our friends in Peru, and Mexico, Central America, and the Caribbean, following the natural disasters that occurred in the past month. Our hearts and our prayers are with you as you begin the hard work of recovering from these tragedies. I also would like to extend condolences to the people of St. Lucia on the death of Prime Minister Sir John Compton this past weekend.

On behalf of the United States of America, I would like to begin by expressing profound gratitude to our host, Minister Montano, for making this meeting possible and extending such warm hospitality to us this week. I also want to offer our congratulations and appreciation to Secretary Lozano and his colleagues at the Mexican Secretariat of Labor and Social Protection for their leadership during the past two years.

Secretary Chao sends her greetings to all of you and her sincere regret at not being able to join us this week. She has asked me to convey to you that the Department of Labor remains committed to advancing the priorities of this conference.

This is the first meeting of labor ministers since the Summit of Mar del Plata. The work of this conference and the actions of our respective ministries are pivotal to the successful implementation of the objectives agreed to by our leaders. While high-profile meetings can help raise awareness of the issues, it is through the programs, policies and activities of our ministries, and our partnerships with the private sector, that real results are achieved -- teaching workers new skills or connecting an out-of-school young person to more relevant education alternatives. These results last a lifetime and mean tangible improvements for workers and their families.

We meet now at an auspicious time. As we heard last night, according to the Economic Commission for Latin America and the Caribbean, regional growth was 5.6% in 2006 and the region is expected to grow by 5% in 2007 and 4.6% in 2008. This steady rise in the level of economic activity is also reflected in improved labor-market indicators -- according to ECLAC unemployment dropped from 9.1% in 2005 to 8.6% in 2006, while job quality rose.

These statistics comport with the experience of my country that job creation is dependent on economic growth. Economic growth, in turn, is a product of many factors, the most important of which is creating and maintaining an economic environment conducive to growth — an environment that unleashes the creative ability and energy of individuals and the private sector, which have demonstrated an unparalleled capacity to create productive employment.

It is interesting that, while many people think the United States' economy is driven by large enterprises such as Microsoft or McDonald's, in reality, it is small businesses that are the engine for our prosperity. Over the past several years, about two-thirds of net job growth was in businesses with fewer than 500 employees.

Trade is another key element. One in ten U.S. jobs, and one in five of factory jobs, depends on exports -- and it is worth noting that factories that export at least some of their products pay 18 percent higher wages on average than non-exporting plants.

Another crucial component is a well-trained, adaptable workforce.

Indeed, company executives tell us that the single most important factor that they consider when deciding where to open or expand a business is the availability of skilled workers. If the workforce isn't present to produce high value goods or deliver just-in-time services, then other traditional incentives such as tax breaks or infrastructure improvements become irrelevant. The influence of a quality workforce on investment decisions creates an opportunity for skill development organizations not simply to respond to economic events, but to anticipate and even shape a regional economy.

At the Department of Labor, we have initiated a new approach to workforce development that we call **Workforce Innovation in Regional Economic Development** or **WIRED**. **WIRED** creates a pro-growth environment in regional economies by providing seed funding to strategic partnerships that include leaders in workforce development, economic development, education, business and industry, with a goal of driving talent-development strategies in support of a unified regional economic vision. This approach allows regions to align and leverage a wide array of public and private resources in a way that ensures continued growth and prosperity for both businesses and workers. We have seen other countries in the hemisphere adopt similar approaches to workforce development.

Further, it is the firm belief of the Bush Administration that our economy simply cannot afford to leave any worker or young person behind. We are committed to building a system that reaches out to every segment of the workforce. Connecting workers to opportunities requires innovative strategies and services to make sure that workers and job seekers understand the requirements of the workplace, and to ensure that they have the skills that they need to build successful careers.

The high levels of unemployed youth in our countries are a matter of concern for all of us. In the United States, 21 percent of 16-24 year olds nationally, or 3.4 million youth, are out of school and do not have a diploma. The outlook for these young people is not promising: the unemployment rate for individuals with less than a high school diploma is 6.8% and they can

expect to earn about \$419 per week. Compare that to individuals with a four year degree or higher, who have an unemployment rate of only 2.0%, and earn an average \$1,039 per week.

We are addressing this issue through an inter-agency federal collaboration to support states and localities with integrating and aligning a wide array of programs serving youth, including employment and training assistance. This partnership approach to designing service delivery strategies and leveraging resources across programs is the catalyst for new and innovative programs that serve out-of-school youth, migrant youth, youth offenders and youth who are homeless or in foster care.

We've already seen some significant successes. Here is just one example of how our approach to improving youth employment has changed the lives of young people and communities:

Improved Solutions for Urban Systems, in Dayton Ohio, or **ISUS**, combines employment and education in a charter school setting so that students earn a high school diploma and college credits, while working toward certification for occupations in high-demand industries such as construction, information technology, and manufacturing technology. The schools in this program integrate industry-certified, high-skills training with academics, youth development, and community service. Employer partnerships support every aspect of ISUS.

The young people who benefit from this program — over 300 a year — are between the ages of 16 and 22, most are high school dropouts and lack basic skills; many are referred by the juvenile court, some have histories of gang involvement. This program helps them turn their lives around and to prosper. Sixty percent graduate with a high school diploma, and 85 percent secure employment immediately following graduation and through the community service program, these young people contribute to the economic development of their communities-- students refurbish computers for impoverished youth and rebuild abandoned housing.

This program is a real example of a targeted effort that can have a lasting impact. This is a model that is being introduced in a number of communities in the United States and could be adapted in localities throughout the hemisphere.

This brings me to my final point, which is that it is absolutely essential to recognize that development of employment skills begins in childhood and is rooted in access to quality basic education. Ministers of labor and ministers of education throughout the hemisphere have recognized this reality and are supporting action to aggressively combat the worst forms of child labor. At the Department of Labor's Bureau of International Labor Affairs, we have launched numerous projects in the Americas with the objective of removing as many children as possible from abusive workplaces and placing them into schools. I am especially pleased to announce that later this month the Department of Labor plans to award grants totaling \$12.4 million to support new programs in Latin America and the Caribbean aimed at removing children from exploitive work and providing them with education and rehabilitation. We are proud to contribute to such an important investment in the future of this hemisphere.

In conclusion, I am frequently struck by the similarities and common themes that span our differences in culture and economic development. In this forum there are so many shared

concerns and goals that unite us. Of course we all face situations unique to our own societies. What works in one country may not be appropriate for another. But sharing our experiences at fora can, and must, lead to improved strategies that will empower our people to lead better lives. Working together, we can build ladders of opportunity in our countries by which all members of society can progress and achieve their full potential.

I thank you for this chance to speak about a topic that is so vital to our future.