

LEGAL WORKPLACE ECONOMY

February 2012

Jobs Report Summary

Based on the BLS Report with January 2012 data

243,000 jobs added to the national economy in January.

National unemployment rate drops for the fifth straight month.

Dow increases to its highest level since May 2008.

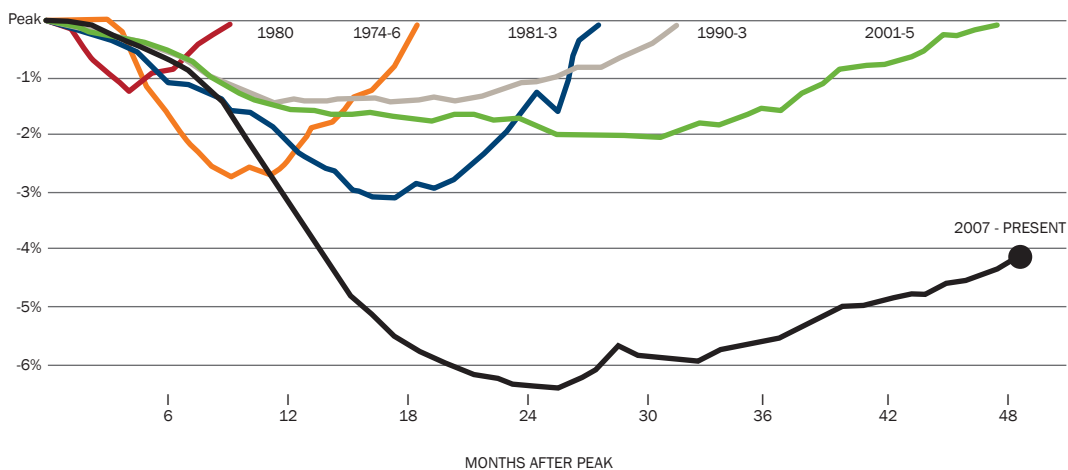
These were just a few of the headlines that gripped the front pages of newspapers throughout the nation on February 3rd after the Bureau of Labor Statistics released January's "The Employment Situation" report, arguably the most positive jobs findings that have been recorded since Barack Obama was sworn in as the 44th President of the United States on January 20, 2009.

Last month, the national unemployment rate was 8.3 percent, slightly lower than December's rate of 8.5 percent and nearly one percent less than it was last summer. In addition, the rate has now declined for five consecutive months, an employment feat which has not been accomplished since 1994.

Of equal importance, the national economy has added jobs for 23 straight months, as the number of unemployed individuals declined by 300,000 in January, in comparison to December's findings.

Comparing recessions and recoveries

Source: Econmix.Blogs.NYTimes.com



*According to the BLS. Horizontal axis shows months. Vertical axis shows the ratio of that month's nonfarm payrolls to the nonfarm payrolls at the start of recession. Note: Because employment is a lagging indicator, the dates for these employment trends are not exactly synchronized with National Bureau of Economic Research's official business cycle dates.

The report absolutely shocked thousands of economists, many of whom had predicted that the unemployment rate would begin to increase once again, up to 8.6 percent, while only 150,000 to 155,000 jobs would be added – approximately 100,000 less than was actually reported by the BLS.

“It’s very unusual to get an unambiguous job report; usually you have a lot of cross currents in the data,” said Mark Zandi, Moody’s Analytics’ chief economist. “This [month’s report was] unambiguous. Everything [was] good.”

Perhaps the most positive aspect of January’s jobs report was the fact that job growth was very extensive, as nearly every private sector industry hired thousands of workers.

Manufacturing job growth, a strong sign that the economy is regaining momentum, was especially noticeable, as 50,000 jobs were generated. Since December 2010, 14 percent of all new jobs have been created within the manufacturing industry.

In addition, the BLS announced that 157,000 jobs had been generated last November, 57,000 more than had been originally reported. December’s jobs report was also revised, as 3,000 more jobs were added to the economy during the month. Overall, 1.82 million jobs were created throughout 2011.

Finally, as a further sign of economic recovery, stocks increased considerably on February 3rd. Nasdaq reached its highest level in more than a decade, while the Dow reached its highest level since May 2008.

In your industry

Private sector job growth was wide-ranging in January

For the first time in months, job growth was quite extensive throughout the private sector in January, according to the BLS’s latest “The Employment Situation” report.

Hiring statistics blossomed in a majority of industries, including the following:

- **Construction:** Employment within the industry increased by 21,000 jobs. Of all construction positions, nonresidential specialty trade contracting opportunities were the most plentiful.
- **Healthcare:** The industry added nearly 31,000 positions to the economy in January, with ambulatory care services and hospitals leading the way as the industry’s top two employers.
- **Leisure and hospitality:** 44,000 professionals were hired within the industry in January. A majority was employed in either drinking places or food services places.
- **Manufacturing:** Once again, manufacturing hiring continued to rise, as 50,000 professionals were freshly employed last month. Fabricated metal products and machinery organizations each hired roughly 11,000 employees in January.
- **Professional and business services:** More than 70,000 workers accepted new employment opportunities within the industry in January. Temporary employment and accounting and book-keeping were two standouts in terms of employment last month, as each industry hired 20,100 and 12,500 new employees, respectively.

Of interest

Meet the new Law Librarian of Congress, David Mao

Source: www.loc.gov

The Library of Congress recently welcomed David Mao as the new Law Librarian of Congress, replacing Roberta Shaffer. Here are some excerpts from an interview with Mao published in the Gazette, a weekly publication for the staff of the Library of Congress.

What are the duties of the Law Librarian of Congress?

"I see this position as part law librarian to Congress, part steward for the law collections, and part ambassador to the world's legal and library communities.

The Law Library's primary patron is Congress, so my responsibilities include leading the team that makes it possible for members to understand the laws and legal systems of other nations of the world.

Many legal researchers depend on us to collect, serve and maintain the materials that support our country's commitment to the rule of law. My duties, therefore, will be to make it possible for the collections to remain comprehensive and in good condition to be able to serve researchers' needs."

What are your short- and long-term goals?

"One of the major goals of the Law Library is the formation of the One World Law Library (OWLL). This will bring authoritative and authenticated global legal and legislative information from the Law Library of Congress and external sources under one domain and provide access to these resources in a seamless way for the researcher."

What are some interesting facts you've learned about the Law Library?

"One of the most interesting facts I've learned is that the Law Library holds the world's most geographically comprehensive collections of foreign legal materials.

The physical and digital collections contain the earliest and the latest publications and reflect the legislative histories of past, current and future jurisdictions. It's rather astounding to think that, even if a nation hasn't yet been officially formed, the Law Library will have all the materials necessary for someone to create the legislative history of that nation once it comes into being.

Another fact I learned was that, in the 1800s, when the Law Library was still in the Capitol Building, it was reserved solely for the use of the Congress. The Supreme Court of the United States was also housed in the Capitol, but the justices were not allowed to use the law collections! It took a joint resolution by both houses of Congress to reverse that rule in 1812. We have such good working relationships with not only the Supreme Court but also the entire judicial branch (and, for that matter, the executive branch agencies) that barring them from our collections seems strange to me now."

Stark choice for lawyers – firms must merge or die

Source: www.wsj.com

Now that the great recession appears primarily in our rear view mirror, many law practices are eyeing mergers as the way not only to survive, but to gain work in the \$100 billion global corporate-law industry.

According to legal industry consulting firm Altman Weil Inc., the US experienced 60 mergers during 2011, a 54 percent increase over 2010. It's no longer an option to simply raise bill rates as a way to increase profits as in past years. The recession forced many firms to negotiate deep discounts and increase the use of alternative fee arrangements. Mergers are a way to gain access to more profitable deals and to maintain clients.

"Leading partners are tired of referring their hard-earned clients to law firms in other parts of the world, or to regulatory law firms in D.C., or to the Brussels office of another firm," says Peter J. Kalis, chairman and global managing partner of K&L Gates LLP."

Although profits have increased since the recession, double digit earnings have not been seen. In addition, the gap between the largest, wealthiest firms and their smaller counterparts has been growing. This gap could be attributed to the increase in the number of smaller firms merging with larger competitors to gain traction in the market.

"Ed Wesemann, chairman of consulting firm Edge International says conversations with his clients indicate that the coming year could bring 50 major mergers or more. He says at least a quarter of the firms ranked among the top 200 in gross revenue by American Lawyer magazine, have embarked on merger talks."

Joining firms together can be risky. Integration costs including technology, real estate and personnel can sometimes outweigh advantages. Clashes between old and new clients are not unheard of with firms having to mend fences before the ink dries on the deal. Sometimes what isn't revealed can have the most damaging effect. One acquiring firm found that its new team had failed to reveal an unfunded partner-retirement obligation that represented 5 to 10 percent of the acquired company's annual revenue.

Getting bigger is not the cure-all but it does give firms the leverage to pursue global business opportunities and take advantage of the benefits of scale.