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UNITED STATES

Stimulus Bill Will Give Industries Confidence Before It Will Give Cash

Since the beginning of the current economic crisis, the value of the U.S. dollar has both dropped and then rebounded against most international currencies. The value of a billion dollars, however, seems to have been diminished forever.

After the $700 billion TARP bill, the $787 billion stimulus package and the Treasury Department's multi-trillion dollar financial stability plan, Senator Dirksen's famous, "A billion here, a billion there, and before long you're talking real money" quote, likely needs to be updated.

How are the billions of dollars in the stimulus and the trillions of dollars in other spending packages going to affect the job market?

"Immediately? Not very much," says Tom Wieder, a managing director with Worldbridge Partners New York, an **MRI**Network office. "If you do back-of-the-envelope math though, we're talking about adding a few trillion dollars into an economy that was only about $14 trillion to begin with. There is no way that isn't going to create jobs, but they aren't necessarily going to be created where they are being lost."

"Some of the biggest, most immediate benefactors are looking to be health care, infrastructure, education, and information technology," notes Jason Hersh, managing partner of Klein Hersh International, a Philadelphia-based **MRI**Network office. "Aside from the construction of infrastructure, these are areas where the market for top talent hasn't significantly thawed."

According to the Department of Labor, health care and education are the only parts of the U.S. workforce which did not have a negative month in 2008.

"The immediate job creation will be in the positions that will actually execute a lot of the work that the stimulus mandates. However, there will be a much longer delay before those funds filter to the wider economy, including the professional services sector where layoffs have recently escalated," says Wieder.

Unemployment for managerial, professional, and other related occupations has doubled from 2.2 percent in January of 2008 to 4.1 percent in January of 2009, according to the Labor Department.

"Actually getting funds into the hands of other sectors might not be so important," says Hersh. "If the industries that are receiving stimulus money start to see results, it will encourage managers in other industries to start hiring months before any stimulus dollars actually filter into their businesses."

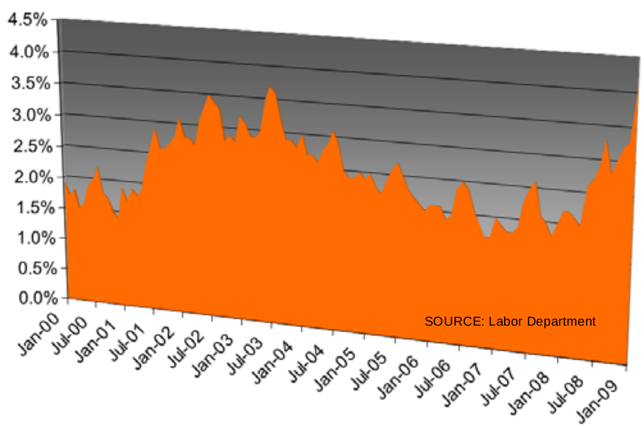
"Traditionally, unemployment has always been the trailing indicator of a recession," notes Tony McKinnon, president of **MRI**Network. "Yet, not since the Great Depression has there been such massive government effort to restart an economy.

"With trillions of dollars being put into the economy, employers will start hiring top impact players from both the open market and their competitors, long before they formally raise their firms' headcounts," he continues.

One company, Intel, announced in February it intended to take advantage of the recession by beginning a two-year, $7 billion investment in its U.S. manufacturing operations that would increase its payroll by 15 percent.

"That is the kind of good news that our economy needs to see," says McKinnon.

Professional and Managerial Unemployment Rate



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"Unfortunately, that perception hasn't changed as rapidly as the market itself," says Jim Essington, a specialist in the banking and finance industries with Management Recruiters of Kansas City.

In other words, layoffs have put a lot of good workers out of work through no fault of their own, but it's still harder to convince employers to look at job candidates who've been let go than ones who weren't even looking.

Jim Essington, Management Recruiters of Kansas City
As quoted in the *Kansas City Star,* February 15, 2009

Most can agree that we have a (perhaps false) perception that the "hard-to-get" candidate who already has a job is more desirable, valuable, or competent. But in the current job market, candidates who have learned to survive in a difficult environment may have much to offer [employers]. Tony McKinnon, president of **MRI**Network, points out that the employment landscape has changed. "A lot of candidates — good candidates – are available to fill open positions quickly," he advises.

Tony McKinnon, president of **MRI**Network
As quoted in the *Fordyce Letter*, February 24, 2009

SCOTLAND

Victims of the Global Slowdown, Scots Wait For Good News From Abroad

Since as early as the Roman occupation of Britannia, Scotland has maintained dominion over the northern part of the Island of Great Britain. While its relationship with England has been in flux for much of the last millennium, in recent years, Scotland has settled into a comfortable position under the U.K. flag. Just in time, according to some, to help better fare the current global downturn.

The Royal Bank of Scotland (RBS), once ranked as the largest company in the world by assets—£1.9 trillion—now owes its survival to that union. After a decade of aggressive acquisitions, RBS's £1.8 trillion of liabilities caught up with it as the global financial crisis caused massive write-downs. In April of 2008, the company began selling assets to raise capital. By October, HM Treasury had to infuse £37 billion into U.K. banks, resulting in the government taking a 70 percent share in RBS.

"It's a global issue for us now," says Malcolm Morrison of MJS Search, an **MRI**Network office in Paisley. "Scotland has a diverse economy, with a balance of high-tech, manufacturing, tourism, and finance, but its growth has been stopped until there is a global recovery."

Morrison's perspective echoes that of Prime Minister Gordon Brown who, while announcing more capital infusions by HM Treasury in January, said that the crisis had become so international that nothing short of an "International response—in both policy and governance—can be effective."

One sector that continues to remain strong, from an employment perspective, is both the public and private health care systems.

"The burden on the National Health Services has increased as more people are relying on public health services over private ones during this downturn," notes Morrison. "However, public hospitals are having to contract out the overflow to private hospitals. The end result is that while private health care companies are getting less revenue per procedure, they continue to increase their staffs of both practitioners and administrators."

When the global economy does begin to recover, Scotland will remain in a good position to build on its supply of intellectual capital. Some of the largest technology firms in the world already have a presence in the so-called "Silicon Glen," which extends between Glasgow and Edinburgh. The Scottish Government is also standing behind plans to more than double Scotland's capacity of green energy including wind and hydroelectric.

"We're in a situation where we are hurting for a lot of reasons that are not internal," says Morrison. "It means companies will have to work 30 percent harder to do the same amount of business. We don't know when exactly it will turn around, but when it does, Scotland is in a strong place to launch from."

Morrison refers to Scotland's mix of education, established infrastructure and increasingly available talent. "Scotland benefits from the advantages of being an E.U. country, while sharing a (somewhat) common language with the United States," notes Morrison. "Yet, cities like Glasgow and Edinburgh still have a considerably lower cost of living than that of London or other major English urban centers."

MARYLAND

The Epicenter of Stimulus?

The Compromise of 1790 placed Washington D.C. on the bank of the Potomac between Virginia and Maryland. In return for the federal seat of power being placed among southern states, they would agree to have the federal government take responsibility for the debt of the war, most of which had been held by the north.

A quarter millennia later, says Eric Beebe, managing partner of Management Recruiters of Gaithersburg, "Washington acts as an insulator for the regional economy. As much talk as there has been about reducing the size of the federal government over the years, there hasn't really been a drawing of purse strings in the D.C. area."

The "D.C. influence" has been so strong that unemployment rates in the D.C. adjacent counties of Maryland have only risen to about 3.5 percent with professional rates below that. With President Obama recently signing the largest spending bill in U.S. history, Maryland might be the first place where its impact is felt.

"Many of the companies that work directly with the government have taken a step or two back from hiring as they digest the stimulus bill along with the President's annual spending package," says Beebe. "In the coming weeks though, as companies figure out exactly what types of contracts need to be filled, they will begin ramping up their hiring across the board."

As Beebe notes, these positions will be literally of every shape and size as firms have to hire everyone from engineers to comptrollers to IT administrators.

Aside from the dollars being spent by federal agencies, Maryland is expected to get around $3.8 billion directly from the stimulus bill. Governor Martin O'Malley moved within days to propose how the state would spend it on infrastructure, education and other priorities.

Baltimore, in central Maryland, is a markedly more blue-collar city than the D.C. suburbs and in recent years has been hurt by the slowdown in manufacturing. According to the Labor Department, manufacturing jobs have been disappearing at 10 times the rate of professional positions.

The stimulus bill's emphasis on infrastructure and "shovel ready projects," however, could result in the creation of jobs that will appeal directly to many of the unemployed in central Maryland.

"Current spending plans look like they will hit Maryland in multiple sweet spots," says Beebe. "While we won't really know that the recession is over until it has already ended, with any luck, in Maryland we are looking at months, not years."