

UNITED STATES

No One Likes a Double Dip

In more than a few corner offices and living rooms around the world this New Year's Day, the phrase, "And good riddance to 2009," was used rather liberally. On January 1, Spain took over the presidency of the European Union and pulling the continent out of recession is the stated primary objective of Spanish Prime Minister José Luis Rodríguez Zapatero over the next six months. Ironically, nowhere is reviving the economy more important than in Spain, where the unemployment rate has reached 19.3 percent, double that of the EU16 (the first 16 nations of the European Union).

While Spain has yet to emerge from recession, most of the E.U. is now experiencing modest growth. But economists continue to float the potential of a double dip or "w-shaped recession," since the threat was first raised by European Central Bank President Jean-Claude Trichet in September of last year.

In the first presidential transition since the Lisbon Treaty took effect one month ago, the E.U.'s first permanent president, elected to serve a 2 1/2-year term, took office on January 1 as well. The new permanent president, former Belgian Prime Minister Herman Von Rompuy, himself an economist, will have his own take on a double dip recession and how to prevent it. On his first day in office he called for an E.U. economic summit to take place on February 11.

Since September, the governors of the European Central Bank have gone on record to say that they do not see any sign of a double dip recession in the EU16. Recently, however, a few vocal economists have begun to predict a double dip recession in the United States.

In November, U.S. unemployment fell from 10.3 percent to 10 percent while the U.S. labor market lost virtually no jobs, the best numbers in almost two years. Between July and November more than 115,000 temporary jobs were created in the U.S., with 52,400 added in the last month alone.

The unemployment rate of people in management, professional and other related occupations fell to 4.6 percent in November, but this wasn't its first decline. That number peaked at 5.5 percent in July and has fallen every month since.

"January and February are traditionally the busiest hiring months of the year for non-entry level positions and when competition is at its fiercest," says Evan Davis, chief operating officer of **MRINetwork**. "Those expecting a less competitive market may be in for a surprise as many employers started their recruiting programs earlier than normal."

Yet, if negative GDP growth does resume like some economists predict, it would quickly trump the positive momentum in the labor market.

"It's an irony of the modern economy that employers are worried about hiring fast enough and yet at the same time, concerned about hiring too many workers," says Tony McKinnon, president of **MRINetwork**.

Happy New Year...

*Double Dip or not, one thing is for sure...
2009 is officially in the rearview mirror.
So, let's fasten our seatbelts, press the
accelerator and go have a great 2010!*

*"Success is never final. Failure is never fatal.
It is courage that counts."
Winston Churchill*

*To greater success,
Mike Ellis, President
GTR*

A recent CareerBuilder survey showed hiring managers expecting an increased reliance by their U.S. employers on part time staff, contract staff and temporary workers in 2010.

"The move towards contract staff, especially for professional and managerial positions, is a logical strategy right now for many employers both in the U.S. and across Europe, but it's also more frequently the way younger generations are looking to work," says McKinnon. "Including contract staffers in your workforce means tapping creative, often heavy hitting managers and executives who if they were working in permanent positions would be virtually unrecruitable."

"When employers aren't sure if they are reacting to a wave or the tide, contract staffers are also a way to put a toe in the water. If the market pulls away, there are few if any separation costs. If the market swells, you aren't struggling to staff up to handle the workload," notes Davis.

If such a double dip does occur in either the United States or the European Union, signs should appear before the end of the second quarter.

**Temporary Help Services
(in thousands)**

