



Layoffs

Crisis Casualties Out Looking For Jobs

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In the next few weeks, the fate of Lehman Brothers' 25,000 and **Merrill Lynch's** 60,000 staffers will be decided. Most will lose their jobs. What will happen to them?

Well, if the past is any guide, they'll be fine. In time.

Even before the current mess, some 104,000 U.S. financial jobs evaporated in the 12 months ending August--1.2% of the 8.2 million positions in the country as the mortgage-market bubble ruptured and Wall Street convulsed. It's particularly painful for [New York City](#), where many of these firms are based. In the last downturn, after Sept. 11, the city lost 45,000 finance jobs. So far 11,000 have been lost this time around, but that number will grow considerably as the fate of the Merrill and Lehman employees is decided.

And while the losses are big, they are part of a boom and bust cycle that's as old as the industry itself. In the nearly seven decades since the Department of Labor started tracking this data, the financial-services sector has posted three larger percentage losses in the same 12-month time frame--back in 1942, 1944 and 1991.

Already other banks are swooping in to pick over the bones of the failed companies. **Barclays** (nyse: [BCS](#) - [news](#) - [people](#)), who bought the investment banking arm of **Lehman Brothers** (nyse: [LEH](#) - [news](#) - [people](#)), could hire some 8,000 to 10,000 of the firm's top revenue generators. The biggest stars at Lehman and Merrill will also find opportunities at former clients, mainly hedge funds.

Many small and medium-sized institutions will also be thrilled to hire those laid off at top-tier firms, a talent pool that mostly shunned them during headier days. Of course, taking a job at one of these less storied firms will require staffers to check their egos--and their usual pay requirements--at the door. It's not all bad. **"These people can become a bigger fish in the smaller pond since they bring big Wall Street experience," says Sandy Gross, founder and managing partner of Pinetum Partners, an executive recruiter firm specializing in financial services.**

As for the non-revenue generating staff--those in marketing, communications, client relations and IT--their best bet may be to leave the financial sector and seek positions in growing areas like [health care](#), though the vast, complex merger of Merrill Lynch (nyse: [MER - news - people](#)) and **Bank of America** (nyse: [BAC - news - people](#)) should have ample potential for IT employees. Either way, they should be fine--over the next five years, according to the [Bureau of Labor Statistics](#), there will be 1.9 million jobs created in computer networking, which will account for a quarter of all new jobs during the period.

Another, albeit lower paying option, is government. Expect a regulation boom in the wake of this crisis--and all the trappings that go with it.

"The federal government has been asked to think through financial regulation in a way they haven't been asked to since the Great Depression," says Teresa Ghilarducci, director of the Bernard Schwartz Center for Economic Policy at the New School. "If they're smart, that's where they might move to. They can really help."

Some of these laid-off employees will find work in places we have yet to imagine. "After financial collapses there is always innovation," says Ghilarducci. She points to the home mortgage, which was developed after the Great Depression and the junk bond market after the stock market lost its juice in the late 1980s. Recent history offers further proof: The same mortgage securities boom that created the current crisis also created hundreds of thousands of new jobs.