

Juris Doctor Strangelove or How I Learned to Stop Worrying and Love the Recession

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Four years ago the economy sunk like a brick battle ship. Every industry and every part of the country [has been affected](#), leaving an underemployed and [cash-strapped populace](#) ill equipped to spend its money on legal services. Traditionally a strong sector, the current recession hit the legal industry hard. Slow business growth has left transactional attorneys hurting for work, and government cutbacks have forced layoffs of public sector attorneys. Law schools compound the problem by charging future lawyers exorbitant tuition fees and accepting more and more students who will eventually enter the market and further add to the surplus of labor. But from the depths of depression, I mean recession, there may be hope. Lawyers and firms are learning to adapt to the changing market, and young attorneys may be in a unique position to take advantage of the new ways that the business is evolving.

Everybody's got problems

Before we get into possible solutions, we need to get down to the nitty gritty of what the problems are. The main problem facing lawyers, and everyone else for that matter, is a sustained lack of work. While most firms made it through [the dot com bubble](#) relatively unscathed, the scope and length of the current recession is [forcing everyone to tighten their belts](#). Evidence of this abounds, for example, the legal industry suffered a [net loss of 4,900 jobs](#) in the first half of 2011. Like most sectors of the economy, the main culprits behind job loss in the legal sector are a combination of slowdown in private business and government budget cuts. These two factors create a snowball effect that suffocates hopeful job seekers in its path.

Another issue for lawyers, especially young lawyers, is the additional problem of [massive debt](#) that one must incur to even enter the market. Debt exacerbates the effects of unemployment and some people speculate that student loans will become [the next economic bubble](#) to burst. In fact, the price of law school has easily [outpaced inflation](#) for the last 20 years, rising nearly 200% since the late 1980's. Mounting debt has not deterred prospective law students, as the availability of loans and the allure of a high paying job has resulted in [increases in law school applications](#) of over 35% over in the last decade. Naturally, all of these law students will be seeking jobs every year, crowding the market and making jobs all the more scarce.

Simply put the legal industry is facing some serious problems. But is that where the story ends? No, that would be too depressing. Fear not timid reader, a few rays of sunshine can be seen breaking through the oppressive-looking clouds of unemployment and debt.

Out with the old, in with the new

Although transactional practice and government work, the two mainstays of the legal profession, have been on the decline, some areas of legal practice are surviving and actually [thriving](#). Growing practices are generally associated with areas of law that experience activity during economic down turns; such as transfers of property (i.e. foreclosures), employment law, bankruptcy, and tax law. In addition, lawyers who have civil litigation and intellectual property practices are finding work as more corporations and individuals use the legal system to protect their economic interests. Finally, the small field of environmental law is going strong as government regulations and popular demand are driving more and more corporations to “go green,” and renewable energy projects are expanding. History teaches us that a bad economy can lead to new possibilities; for example, the field of administrative law (and not to mention a large expansion of government employment) emerged from the [depths of the Great Depression](#). Tough times can lead to moments of great opportunity.

With everyone pinching pennies, firms with traditional practices have been forced to change. For example, clients looking to save a buck have taken on the bread and butter of law firms, billable hours. While a firm’s billable hours have always drawn the suspicious eye of a client, some clients in this economy are insisting on a [flat fee](#) billing scale, refusing to compensate lawyers based on an hourly rate. However, when it comes to high stakes legal battles, clients are [still willing to put up the big bucks to go all in](#).

The decline of the billable hour system, while troublesome for lawyers of all stripes, is even worse for new associates. One of the main advantages of the billable hour was the ability to shift the cost of training new lawyers to clients since new lawyers will inevitably bill more hours as they learn the job. When that option is taken away firms will look to hire lawyers that can produce instant results without expensive handholding. On the other hand, if firms are forced to charge flat fees the market could become more competitive and newer or smaller firms may have an opportunity to undercut their big law brethren.

Broken Dreams: An Exercise in Coping

With the recession in its third year, attorneys have begun to find ways to deal with the down turn. Some have adopted cutthroat tactics by looking for ways to [make themselves more valuable](#) than other attorneys at their firm; like hikers that are chased by a bear, they don’t need to outrun the bear, just the other hiker. Other attorneys have taken a different approach and turn to each other for support during tough times. The formerly employed have begun [banding together](#) to network, offer job leads, and support each other.

Still, other out-of-work lawyers are jumping ship from the legal sector altogether, finding [non-traditional work](#) to either tide them over or as part of a more lasting career change. Newly

minted lawyers must use any or all of the preceding coping mechanisms. However, some young legal eagles have found a different way to deal with the woes of the recession, a way that is both cathartic and potentially financially rewarding. That's right, the one-two punch of debt and joblessness has motivated a group of recent law school grads to [sue their alma maters](#) for allegedly misrepresenting post-graduation employment figures. Current standards of employment reporting allow schools to include graduates employed in any profession, be it waiting tables or arguing cases. These standards also do not factor in salary information from graduates who do not report it. This is a problem as it can result in a skewed picture of earning power if one makes the fair assumption that those who do not report their salaries are probably not doing so well. Employment reporting was thrust into the spotlight [last June](#) when the U.S. Dept. of Education questioned whether law schools are taking adequate steps to collect job placement information from their graduates. The disgruntled grads suing their universities argue that they would have never gone to law school if they had known the grim reality that awaited them.

Moving Forward

While the legal market is still facing some lean times, there is little doubt that the market will eventually recover. It has to, otherwise I will have to sue the University of Oregon and I am just not ready to go toe to toe with Phil Knight's legal team. The recovery, when it comes, will necessitate that law firms and law schools learn to [change the way they do business](#). The industry will not disappear; it will merely be different. After all, who can imagine [a world without lawyers?](#)