

Obama: Unemployment likely to keep ticking up

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WASHINGTON – President Barack Obama on Tuesday declined to predict how high unemployment will climb but made clear he expects it to keep worsening for a while as hiring lags behind other signs of economic recovery.

"How employment numbers are going to respond is not year clear," the president said on a day when he was headed to Michigan, home of a particularly battered economy. "My expectation is that we will probably continue to see unemployment tick up for several months."

The unemployment rate stands at 9.5 percent, the highest in 26 years.

Obama, addressing reporters in the Oval Office, said the stabilization of the financial markets has allowed banks to start lending again and some small businesses to stay afloat. But he said his administration is aware that the most important factor is whether people are able to get good-paying jobs.

More than 2 million jobs have been lost since Congress passed Obama's \$787 billion economic stimulus package. Without that government intervention, Obama said, states like Michigan would be even worse shape because they would have had to lay off more teachers, firefighters and other workers.

The White House has been criticized for being overly rosy about employment projections. Just 10 days before taking office, Obama's top economic advisers released a report predicting unemployment would remain at 8 percent or below through this year if an economic stimulus plan won congressional approval.

Instead, it is headed toward double digits.

The president said the creation of jobs that pay good wages is the "single biggest challenge" in the recovery for the U.S. and governments worldwide. He defended his multi-pronged agenda of trying to revamp health care, energy, science innovation and infrastructure as the key to real economic growth.

"Those foundations are so critical because we've got to find new models of economic growth," Obama said.

Obama was headed later to Michigan to promote investments in community colleges. The state's unemployment rate is the nation's highest, 14.1 percent.

The president spoke after a wide-ranging meeting with Dutch Prime Minister Jan Peter Balkenende

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