

# White House sees unemployment staying high

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## Jobless rate seen 'severely elevated' despite predicted GDP growth

Oct. 22, 2009, 12:53 p.m. EDT

WASHINGTON (MarketWatch) -- The number of jobless Americans is likely to remain "severely elevated" despite a predicted return to economic growth in the third quarter of the year, a top White House economic adviser told Congress on Thursday.

"With predicted growth right around two and a half percent for most of the next year and a half, movements in the unemployment rate either up or down are likely to be small," White House Council of Economic Advisers Chair Christina Romer told the Joint Economic Committee.

"As a result, unemployment is likely to remain at its severely elevated level," she said.[Read testimony.](#)

The current U.S. unemployment rate is 9.8%. Romer said job losses will likely end early in 2010 but "robust job gains may still be several quarters away."

Romer told lawmakers that the administration's analysis of data is "roughly consistent" with the Blue Chip forecast for third-quarter growth, which is 3.2%.

"If GDP growth for the third quarter is indeed positive, as anticipated, this would be strong evidence that economic recovery is underway," she said.

Republicans weren't as optimistic, however.

"I am concerned that any growth in the second half of this year may prove transient, and consequently the unemployment rate may continue to increase well into 2010," said Rep. Kevin Brady, R-Texas.

Economists surveyed by MarketWatch are predicting growth of 3.7% in the third quarter. The government will report the data on Oct. 29.[See Economic Calendar.](#)

Romer also credited President Barack Obama's \$787 billion fiscal stimulus package with helping the economy to recover. As of August, she said, the stimulus act had added between 600,000 to 1.5 million jobs to the economy.

She added, however, that by the middle of next year, fiscal stimulus "will likely be contributing little to growth."

She said economists' estimates suggest that the stimulus act added two to three percentage points to real GDP growth in the second quarter and three to four percentage points in the third quarter.

Republicans have consistently criticized the stimulus. None voted for it in the House, and only three voted for it in the Senate.

Romer said that the White House should consider additional measures to boost the economy, including additional fiscal relief for states, tax cuts and tax incentives for businesses to hire workers.

"All of these should be on the table," she said in response to a question from Sen. Amy Klobuchar, D-Minn.

<http://www.marketwatch.com/story/white-house-predicts-return-to-positive-growth-2009-10-22>