

UPDATE 2-Obama says economy will worsen, even with stimulus

Friday, January 16, 2009 12:14:45 PM (GMT-08:00)

Provided by: **Reuters News**

(Adds quotes, background)

By Jeff Mason

BEDFORD HEIGHTS, Ohio, Jan 16 (Reuters) - Just days before his inauguration, President-elect Barack Obama on Friday warned Americans to expect even rougher economic times and said his plan to revive the struggling economy would take time to work.

"Recovery is not going to happen overnight," he told workers at a factory in Ohio that makes parts for wind turbines. "Even with the measures that we're taking, things could get worse before they get better. I want everybody to be realistic about this."

Obama goes into the weekend before his Tuesday inauguration buoyed by moves in Congress to unlock hundreds of billions of dollars in emergency funding he says he needs to fight the year-long recession.

But he also is trying to manage expectations in a country where his promise of change has lifted hopes.

"It's not too late to change course, but only if we take dramatic action as soon as possible," Obama said in remarks meant to underline his push for stimulus measures.

"The way I see it, the first job of my administration is to put people back to work and get our economy working again."

On Thursday Democrats in the House of Representatives unveiled an \$825 billion economic stimulus bill that largely adheres to the measures the president-elect has requested.

Also on Thursday, the Senate voted to give Obama authority to spend the \$350 billion remaining from a \$700 billion financial industry bailout fund created in October.

Obama said without such ammunition, the country could lose its competitive edge in the global economy.

"Economists from across the political spectrum tell us that if nothing is done, and we continue on our current path, this recession could linger for years," he said.

CLEAN ENERGY, TRAIN TRIP

Obama touted his plans to create half a million "clean energy" jobs during a campaign-style trip to the electoral battleground state of Ohio, which he won in last year's presidential contest.

Obama travels next to Philadelphia, where on Saturday he will start a train trip to Washington to generate attention and kick off several days of inauguration festivities.

Obama's Tuesday swearing-in will cap a nearly three-month transition to power that has been marred by some missteps, including revelations that his choice for treasury secretary, New York Federal Reserve Bank President Timothy Geithner, had failed to pay thousands of dollars in taxes.

Despite the mistake, Obama expects him to be confirmed by the Senate and go on to lead the administration's charge to boost the economy, which continues to be hit by dismal news in one of the worst downturns in decades.

Obama's economic plan aims to create some 500,000 jobs by investing in renewable fuel technology. The plan is part of a wider package that his teams says will save or create between three and four million jobs.

At the Cardinal Fastener & Specialty Company in Bedford Heights, Obama visited with workers and examined the bolts for wind turbines that the company manufactures.

Wind power is one of several environmentally friendly sources of energy that Obama is promoting with the dual aim of weaning the United States from foreign oil while boosting employment in a growing sector.

(Reporting by Jeff Mason, editing by Anthony Boadle)

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Keywords: USA OBAMA/

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