

## Bernanke: Quick, temporary stimulus needed

by UPI

WASHINGTON -- An economic stimulus plan should be implemented quickly and temporarily to be useful, U.S. Federal Reserve Chairman Ben Bernanke said Thursday. If an economic stimulus comes too late, it "will not help support economic activity in the near term and could be actively destabilizing if it comes at a time when growth is already improving," Bernanke said in opening remarks prepared for delivery to the House Budget Committee. The U.S. economy is "fragile," he said. Bernanke, who previously said he conditionally favored a plan to jump-start the economy, said any package must be temporary "to preclude an increase in the federal government's structural budget deficit." Financial turmoil seemed to have the greatest effect on the deteriorating housing market, he said. "The virtual shutdown of the subprime mortgage market and a widening of spreads on jumbo mortgage loans have further reduced the demand for housing, while foreclosures are adding to the already-elevated inventory of unsold homes," Bernanke said. Regarding inflation, he said food and energy price hikes are expected to slow down, leading to a moderation of overall and core inflation. Bernanke said the Fed would "closely monitoring the inflation situation, particularly inflation expectations."

Copyright © 2007, by United Press International. All Rights Reserved.

*Bernanke: Quick, temporary stimulus needed by UPI*