



Insight

Bernanke Admission by Omission

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I think the most “captivating” part of Federal Reserve Chairman Ben Bernanke was not what he said, but what he omitted. Yes, the unusually uncertain comment captured the essence of why businesses aren’t hiring with European debt crisis, health care, Fin Reg and taxes all creating the miasma.

However, the chairman didn’t address or dwell on the Seinfeld economic theory of a double dip. He brushed off comments asking for details of what the Fed would do to stimulate the economy if it sank again from these levels. ([Read Bernanke’s Testimony Here](#))

This was the point I was attempting to make Wednesday on the Kudlow Report.

Bernanke effectively stated that deflation and a double dip for the economy are not in the cards right now and therefore no additional monetary stimulus is necessary.

By doing so, he also repudiated (and refudiated for all you Palin fans) the Paul Krugman argument of additional massive fiscal stimulus. If the economy doesn’t need monetary stimulus, it sure doesn’t need fiscal stimulus via debt expansion.

Today, we’ll see how Dr. Bernanke does with the gang from the US House of Representatives. This is usually where the questions are broader for the constituents and more focused on consumer issues. I’d love to see a Rep. focus on the brand new Consumer Financial Protection Agency and the changes to credit card rules. ([Watch Bernanke’s Testimony Live Here](#))

Large credit and debit card issuers like Citibank [C 4.105 0.085 (+2.11%)] and BofA [BAC 14.09 0.35 (+2.55%)] are already preparing to take large losses to revenue from the new rules. Let’s see if anyone asks the salient question of how much less credit will be available to the public via the new rules and regulations. Also, let’s see if anyone asks Bernanke if he agrees with President Obama’s “Read-My-Lips” statement on no more government funded

bank bailouts.

However, it's the US House of Representatives. Expect the unexpected and the non-related.

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