


Bernanke Warns US Consumers Cannot Pay for Global Recovery

By VOA News

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The head of the U.S. central bank warns other countries should not depend on American consumers to pay for a global economic recovery.

Federal Reserve Chairman Ben Bernanke told a Senate hearing Wednesday there are some signs the United States economy is starting to pull out of recession. But he also said the recovery will be slow and that he does not expect U.S. consumers to come "roaring back."

 Sen. Christopher Dodd (L) and Sen. Richard Shelby listen to Fed Chair Ben Bernanke (not seen), 22 Jul 2009

The Fed chief says the U.S. has been telling trading partners, especially in Asia, to find ways to encourage their own consumers to buy more goods. He says there is evidence that is happening in countries like China.

Lawmakers in the world's largest economy have been expressing frustration in recent days about what some of them see as a lack of progress on the economy.

During Wednesday's hearing, the Fed chairman was repeatedly questioned about the central bank's role in economic crisis.

Republican Senator Richard Shelby (of the southern U.S. state of Alabama) criticized the Fed, saying the financial crisis would not have been as severe if the central bank had done a better job overseeing risky behavior by banks.

Meanwhile, a top administration official says the economy is no longer on the brink of a "severe collapse."

White House Budget Director Peter Orszag said Wednesday that recent economic data is reason for optimism, although many Americans continue to struggle.

A report by the U.S. government Wednesday found home prices rose almost one percent in May. And officials say while the market remains volatile, home prices appear to be stabilizing.

A separate report showed applications for home loans (mortgages) were also up, increasing almost three percent in the past week.

Some economists blame the collapse of the U.S. housing market for helping to spark the global financial crisis.

Still, the Fed chairman told lawmakers the country's rising unemployment rate remains the biggest threat.

Unemployment in the U.S. is at a 26-year high of 9.5 percent.

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