

Street Talk

Cramer: Ben Bernanke Saved Us All

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Jim Cramer says history will recognize Fed Chairman Ben Bernanke as the primary reason America avoided a much more serious meltdown as the housing market and rotten banking investments forced the economy to halt last year.

"I'll just come right out and say it: Ben Bernanke will go down as the greatest Federal Reserve chairman in history," Cramer wrote in *New York* magazine.

Bernanke, Cramer wrote, "will be known as the man who averted the Great Depression Two, a sequel that could have eliminated the United States as a world financial superpower and reduced us to this century's Britain."

Cramer credited Bernanke for pushing Obama to enact the stimulus plan to support the economy through the downturn, and for giving Treasury the strategy of letting the banks raise money privately via the TARP plan, rather than simply bailing them out directly with taxpayer money.

Bernanke has his faults. In the beginning, he seemed too content to talk rather than act, Cramer writes.

"He was slow to cut interest rates, his primary tool to stave off recession, and he handled the Fed as if it were a Princeton debating society, polling the members endlessly and deferring to the inflation hawks," Cramer says.

Yet by digging in his heels on lowering rates, Bernanke has likely stopped a deflationary spiral, one that would have consumed the economy, Cramer argues.

He also took the wind out of the sails of what could have been a disastrous move toward populism against the banks by candidate and later President Obama.

By speaking straight, unlike his predecessor Alan Greenspan, Bernanke "made it clear to Obama that the new president was using the wrong road map when castigating Wall Street, because Wall Street leads directly to Main Street."

Bernanke's father owned a small business when the current Fed chief was growing up. He couldn't get credit for his small business in South Carolina, without the help of the big bankers whom Obama was castigating, Cramer observed.

As of late, Cramer notes, that banks have been able to raise \$74 billion in capital, and big institutions like Citigroup, Wells Fargo and Bank of America are not going to fail, and mortgage rates are starting to come down for consumers.

Others agree, in part, noting that Obama has definitely dialed-back his anti-business rhetoric. Though, as his trip overseas amply demonstrates, not his blame-America first attitudes, in general.

Cato Institute economist Doug Bandow observes in an online column that "President Barack Obama appears to have learned something compared to candidate Obama — protectionism isn't to America's advantage."

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