

Title:

Ben Bernanke - Replacing Alan Greenspan

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Summary:

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Article Body:

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Ben Bernanke

Alan Greenspan reigned as Fed Chairman for nearly 20 years. During this time, the economy in the United States performed at fairly stable and consistent levels. Yes, there were recessions and stock market crashes, but these were minor hiccups in an otherwise solid economic run.

Ben Bernanke has taken over control of the fed from Alan Greenspan. Instead of enjoying a peaceful grace period, he walks into a situation where an extremely hot housing market threatens to collapse. How will he handle the situation? Perhaps a review of Ben Bernanke will give us an idea.

Mr. Bernanke was born in 1953 in Augusta, Georgia. His intellectual abilities were apparent throughout his youth, particularly when he received a near perfect 1590 out of 1600 on the SAT. He graduated summa cum laude from Harvard in 1975. He then obtained a Ph.D from MIT in 1979. He subsequently taught at Stanford and then Princeton. He resigned from Princeton in July of 2005 when it became apparent he would be the new Chairman of the Federal Reserve. In short, we are talking about a very intelligent individual unlike many of the political friends President Bush has appointed to various positions in the government.

Intellectually, Bernanke is considered a macroeconomist, which mean he looks at overall trends in the economy related to production, employment levels, income

being earned and price trends. He also is noted for studying the Great Depression and how the devaluation of money during that period impacted the economy. For those that fear a housing market crash, this would appear to be good news.

Bernanke is hardly a new face at the Federal Reserve. He has served on the Board of Governors for the Federal Reserve since 2002. Essentially, he was an internal promotion in an effort to continue the current fiscal policy of the Federal Reserve.

Given Bernanke's background, can we make any educated guesses as to how he will guide the Federal Reserve? Generally, he appears to be very conscious of deflation factors, which means he should have some fairly detailed thoughts on the housing market and how to keep a slowdown from becoming a bigger problem. Bernanke also revealed he will speak in plain language, unlike Greenspan, and doesn't appear interested in commenting on budgets and social issues. Greenspan was infamous for dropping comments regarding tax cuts.

Is Ben Bernanke up to the task of being the Chairman of the Federal Reserve? We are certainly going to find out.