

In the face of criticism from Republican lawmakers, US Fed Chairman Ben Bernanke stood behind the Federal Reserve's low-interest-rate policies Wednesday and sought to reassure members of Congress that the central bank has a handle on the risks. He also said unemployment probably won't reach the 6% level until Y 2016.

In his 2nd day of testimony on Capitol Hill last week, Mr. Bernanke told members of the House Financial Services Committee that the bond purchases are needed to boost a still-weak economy and that they have helped create jobs for average Americans.

The bond purchases are intended to lower long-term interest rates. That encourages more borrowing and spending, which generates growth.

Republicans said the bond purchases could generate higher inflation. "We have gone too far in monetary policy and the monetary easing and it is in this member's opinion time to pull back," said Rep. Gary Miller, R-CA.

Mr. Bernanke said the Fed is weighing the costs and the benefits.

"We plan to have a continual discussion and review of both the costs and the benefits and try to make sure that we are taking the right steps given those costs and benefits," Bernanke told the House panel.

Bernanke's remarks during his semiannual monetary report to Congress largely repeated comments made a day earlier to a Senate panel.

The Fed chairman made clear that the Fed's low-interest-rate policies are giving crucial support to an economy still burdened by high unemployment. He also acknowledged the risks of keeping rates low indefinitely. But he expressed confidence that such risks pose little threat now and gave no signal that the Fed might shift away from those policies.

The aggressive program to buy \$85-B+ a month in Treasuries and mortgage bonds had kept borrowing costs low, he said. That has helped strengthen sectors such as housing and autos, he said.

Mr. Bernanke rejected a suggestion by **Rep. John Campbell, R-CA.**, that the Fed's policies were mainly helping the federal government with its borrowing needs and big banks and foreign governments.

"This is very much focused at the average American citizen," Bernanke said. "Our estimates are that we've helped create many private-sector jobs. ... People are able to buy houses at very low mortgage rates, refinancing at low mortgage rates. People are able to get car loans at low rates."

The low borrowing rates have boosted demand, Mr. Bernanke said, and that has helped to lift home prices, making home owners feel more financially secure.

"In a lot of dimensions, we have benefited Main Street and that's certainly our objective," Mr. Bernanke said.

As for the jobless rate, Bernanke said "it's hard to predict, but a reasonable guess for 6% unemployment would be around Y 2016, about 3 more years."

The US Federal Reserve said it would keep interest rates at 0.25 to Zero until unemployment reached about 6.5%, it is now 7.9%.