Fed chief sees delicate dance ahead

By Jeannine Aversa
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WASHINGTON — The delicate task ahead for the Federal Reserve and other central banks worldwide is deciding when to start boosting interest rates and reeling in all the stimulus pumped out during the global financial crisis, Fed Chairman Ben Bernanke said Sunday.

Bernanke, however, didn't provide any new clues on that front.

As is typically the case in the early stages of an economic recovery, central bank officials "will have to weigh the risks of a premature exit against those of leaving expansionary policy in place for too long," he said in prepared remarks to a conference sponsored by the Bank of Korea in Seoul, South Korea. The Fed's chief's remarks were prerecorded and delivered via video link.

Tightening credit too soon risks short-circuiting countries' economic recoveries. Waiting too long could risk unleashing inflation and sparking a dangerous new wave of speculation like the one that powered the housing boom and its devastating bust.