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Steinbrueck fears possible inflation crisis

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BERLIN, April 11 (Reuters) - German Finance Minister Peer Steinbrueck is worried the world may face an inflation crisis in the medium term, after the economic crisis ends, due to large amounts of liquidity being pumped into the market, he said.

In an interview with Saturday's Bild newspaper, Steinbrueck said there was no alternative at present to the investment spending that governments around the world are using to fight the economic crisis.

'But at the same time what causes me to be concerned is that the next crisis is already being pre-programmed because of all the enormous debt-financed counter measures being conducted worldwide,' he said.

'There's so much money being pumped into the market that there could be a threat of an overloading of the capital markets when the economies start expanding again and a threat of worldwide inflation,' he added.

Steinbrueck said inflation, which is an especially sensitive issue in Germany because of its history with hyper inflation in the 20th century, is not an immediate problem.

'In the near term we don't have any inflation problem,' he said. 'But in the medium term we'll have to take care to remove the billions in liquidity from the market that we're now pumping into the economy.'

'That will be a special challenge for all the central banks -- also for the European Central Bank that will have to ensure monetary stability like the Bundesbank did beforehand.'

In the interview, Steinbrueck dismissed calls for a third German stimulus package as the government had already launched two measures in the last five months.

'What nonsense,' Steinbrueck said. 'We should wait and see what forces are unleashed from the measures we've already passed and not start getting fidgety again already.'

In an excerpt of the interview released late on Friday, Steinbrueck also firmly rejected calls for tax cuts, saying the government's top priority now was to fight the economic crisis.

(Reporting by Erik Kirschbaum, editing by Anthony Barker) Keywords: GERMANY STEINBRUECK/INFLATION

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