

The U.S. fiscal situation is difficult as well, with high deficits and a growing debt-to-GDP ratio. The U.S. has exemplary credibility in international financial markets, built up over many years. Now that the U.S. economy is about to achieve recovery in GDP terms, it is time for fiscal consolidation in the U.S. Irresponsibly high deficit and debt levels are not helping the U.S. economy and could damage future prospects through a loss of credibility internationally.

The Regional Economist offers insights on regional, national and international issues. Views expressed are not necessarily those of the St. Louis Fed or Federal Reserve System.

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- **August 19, 2010.** Speech. "[Monetary Policy and the U.S. Economy.](#)" ([bullardarkansasaugust19finalpdf](#)) delivered at the *Fed Exchange Conference*, Rogers, Arkansas. [Press Release](#) | [Related news articles](#).

### **St. Louis Fed's Bullard Discusses the Outlook for the U.S. Economy and Monetary Policy**

ROGERS, Ark. – St. Louis Fed President James Bullard said Thursday that while the U.S. macroeconomic outlook has been downgraded, continued expansion is the most likely course going forward. He noted that should economic developments suggest increased disinflation risk, purchases of Treasury securities in excess of those required to keep the size of the balance sheet constant may be warranted.

In his presentation, ["The State of the U.S. Economy and Monetary Policy,"](<https://www.stlouisfed.org/-/media/project/frbstl/stlouisfed/files/pdfs/bullard/remarks/bullardarkansasaugust19final.pdf>) given at a Fed Exchange conference held in Rogers, Ark., Bullard said that core inflation is at low, but still manageable levels, and that any additional quantitative easing undertaken by the FOMC should be a disciplined reaction to further disinflation risks. "Large, sudden purchases rarely are optimal," he said. " 'Shock and awe' is almost never a good way to

proceed.” given at a Fed Exchange conference held in Rogers, Ark., Bullard said that core inflation is at low, but still manageable levels, and that any additional quantitative easing undertaken by the FOMC should be a disciplined reaction to further disinflation risks. “Large, sudden purchases rarely are optimal,” he said. “ ‘Shock and awe’ is almost never a good way to proceed.”

“Policy actions should be commensurate with the risks that the economy faces. A series of smaller policy actions can add up to a large action, but only if incoming data suggest that as the appropriate course,” he said. “Purchase size should be in proportion to the size of any deterioration in the outlook.” A key goal of the program should be to keep core inflation in the U.S. from falling close to levels observed in Japan.

Bullard said that the European sovereign debt crisis has abated somewhat, but remains a factor in the global economic mix.

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- **September 1, 2010.** Article. ["Seven Faces of 'The Peril,'" \(bullardpdf\)](#) Federal Reserve Bank of St. Louis *Review*, September/October 2010, 92(5), pp. 339-52. [Preprint \(sevenfacesfinaljul28pdf\)version](#) | [Related media interviews](#) | [Related news articles](#) | [Gavyn Davies FT Blog Summary](#).

### **President James Bullard Discusses Deflation Risks on CNBC's "Squawk Box" - Part 1: Inflation**

July 30, 2010

St. Louis Fed President James Bullard appears on CNBC's "Squawk Box" to discuss inflation, deflation risks and his paper "The Seven Faces of 'The Peril.'"