

- **April 14, 2020.** Moderated Q&A. [Bullard Talks about Managing the Health Risk to the Economy in St. Louis Regional Chamber Webinar.](#)

## **Bullard Talks about Managing the Health Risk to the Economy in St. Louis Regional Chamber Webinar**

April 14, 2020

The quarantine policy in response to COVID-19 is appropriate for now, but managing the health risk is important for reopening the economy and for going forward, St. Louis Fed President James Bullard said in a webcast event. Making tests for the disease widely available to people would be the surest route, he said.

"We can't test them at the scale we would like to, but widespread testing of everybody in the economy would put an end to this crisis," Bullard said.

If the U.S. is producing about half the normal output of \$5 trillion per quarter [about \$2.5 trillion], a rough guess is that the quarantine is costing \$25 billion a day in lost household income, Bullard said. That's only sustainable for a little while, he said.

"After a while you have to think about how you want to manage risk," Bullard said. "We manage all kinds of risks—health risks and other risks—to the economy, and we're going to have to do that as well for COVID-19."

Bullard also spoke about the Federal Reserve's policies and programs to address the economic effects from the pandemic, including addressing liquidity problems in many segments of financial markets. "I think the spirit of the times is to maintain market functioning through this crisis," he said.

During the moderated Q&A, Bullard shared his views on the outlook for unemployment and the economy as well as other topics. Asked if the economy would come back in a "V" shape—with the sharp decline followed by a quick and strong recovery—he said there was no reason the economy couldn't come back that way.

"It can happen if this is managed appropriately, if you make sure everyone is comfortable and able to pay their bills through the second quarter, if you can get the virus under control," Bullard said, but added that there is a lot of uncertainty around the virus.

Having trouble with the video? [Watch it here.](<https://www.youtube.com/watch?v=pJGnkN6Fhas>)

- **April 14, 2020.** President's Message. "[Connecting with the Communities We Serve](#)," Federal Reserve Bank of St. Louis *Annual Report 2019*.

### **President's Message: Connecting with the Communities We Serve**

James Bullard is the president and CEO of the Federal Reserve Bank of St. Louis.

The regional structure of the Federal Reserve System is designed, in part, so that the nation's 12 Federal Reserve banks and their geographically dispersed branches are attuned to and engage with many different constituents across their respective districts.

Here in the Eighth Federal Reserve District, the St. Louis Fed connects with those we serve in a variety of ways. Every day vital conversations about the economy occur, and the St. Louis Fed is listening. Members of our boards of directors provide regular, timely information and perspectives on economic and credit conditions across the District. Another way we connect is through our six advisory councils, whose members represent agribusiness, community development, depository institutions, health care, real estate and transportation. Together, they are a geographically and industry-diverse group of more than 70 volunteers who hail from communities all across our seven-state District. Listening to their viewpoints helps keep us informed about the economic issues they're facing. We also meet regularly with business, education, community and labor leaders, as well as the general public, to get a direct sense of how they experience the economy.

Outreach is part of the fabric of the Fed’s regional structure. The timely anecdotal information gathered by Reserve banks supplements data on the overall economy that the Federal Open Market Committee considers when deliberating on monetary policy. Such insights are also valuable because macroeconomic data for the U.S. as a whole do not necessarily reflect conditions in particular segments of the economy.

In recent decades, macroeconomic research has become more granular in terms of both theory and data. This has allowed economists to develop models that more accurately reflect differences among the population and across regions. For example, macroeconomic models for a long time included a representative household—that is, one household that stood for everyone in the economy. More modern approaches consider many households that experience the economy—and shocks to the economy—differently.

I have used such a model in recent work with St. Louis Fed economist Riccardo DiCecio. See Bullard, James; and DiCecio, Riccardo. “ [Optimal Monetary Policy for the Masses](<https://research.stlouisfed.org/wp/more/2019-009>).” Working Paper 2019-009C, Federal Reserve Bank of St. Louis, April 2019. We include in our model people of different ages and levels of consumption, income and wealth. In other words, our model factors in various types of inequality. Yet, we are still able to discuss important aspects of the macroeconomy, such as optimal monetary policy and how much people would consume, save and work under it.

Economists at the St. Louis Fed also conduct research using regional data. This allows for analyses of living standards across metropolitan statistical areas, business cycles at the state level, household financial distress by ZIP code, and more.

Our Community Development staff see varied economic outcomes firsthand in their interactions across the District, particularly in low- and moderate-income and underserved communities. One area of focus is the Arkansas and Mississippi Delta region. In 2019, Bank staff and I had the opportunity to accompany Fed Chair Jerome Powell when he visited Itta Bena, Miss., and

spoke about economic development in high-poverty rural areas. See Powell, Jerome H. “[Encouraging Economic Development in High-Poverty Rural Communities](<https://www.federalreserve.gov/newsevents/speech/powell20190212a.htm>).” Speech given at “Rural Places, Rural Spaces: Closing Financial Services Gaps in Persistent Poverty America,” a policy forum sponsored by Hope Enterprise Corp., Mississippi Valley State University, Itta Bena, Miss., Feb. 12, 2019.

Our 2019 annual report focuses on the St. Louis Fed’s community development efforts, including the Delta Communities initiative and Investment Connection program. This work is helping to shape economic progress in the District. I am hopeful that the insights gleaned by connecting with our communities also find their way into macroeconomic models and, in turn, lead to better tailoring of policies and solutions aimed at promoting better economic outcomes.

James Bullard President and CEO Federal Reserve Bank of St. Louis

#### Endnotes

1 See Bullard, James; and DiCecio, Riccardo. “[Optimal Monetary Policy for the Masses](<https://research.stlouisfed.org/wp/more/2019-009>).” Working Paper 2019-009C, Federal Reserve Bank of St. Louis, April 2019.

2 See Powell, Jerome H. “[Encouraging Economic Development in High-Poverty Rural Communities](<https://www.federalreserve.gov/newsevents/speech/powell20190212a.htm>).” Speech given at “Rural Places, Rural Spaces: Closing Financial Services Gaps in Persistent Poverty America,” a policy forum sponsored by Hope Enterprise Corp., Mississippi Valley State University, Itta Bena, Miss., Feb. 12, 2019.

- **March 23, 2020.** Article. "[Expected U.S. Macroeconomic Performance during the Pandemic Adjustment Period](#)" *St. Louis Fed On the Economy* blog. This article also appeared in the [Federal Reserve Bank of St. Louis Regional](#)