

will be in the second quarter of 2020, when the U.S. economy was intentionally slowed down to invest in public health.

He said that the set of health, fiscal and monetary policies that has been put in place has been a good response and a good mitigator of the initial shock from the pandemic, but can't be maintained indefinitely.

“There is really no pause button for the U.S. economy, and attempts to go on too long with this set of policies would risk financial crisis or depression or both,” Bullard said, adding that health and economic outcomes would be worse in that scenario.

“The risks are significant, but my base case is that all of that will be avoided and that we will get a robust recovery in the second half of the year,” he said.

Going forward, Bullard said that new risk mitigators will be put in place to control the disease while also allowing production of goods and services and restoration of household income. This would be a better policy overall because it would lead to fewer fatalities and more household income, he noted.

He discussed two approaches for mitigating the health risk: ubiquitous testing, which would solve the information problem by allowing people to know where the disease is; and risk-based stay at home, whereby people make their own decisions based on their risk from COVID-19.

Having trouble with the video? [Watch it here](<https://youtu.be/kZOGSnjc4KE>).

- **June 23, 2020.** Remarks. [Bullard Discusses U.S. Economy, COVID-19 Risk Management](#), Milken Institute Summer Series webinar.

Bullard Discusses U.S. Economy, COVID-19 Risk Management in Milken Institute Webinar

June 23, 2020

St. Louis Fed President James Bullard shared his views on the performance of the U.S. economy during the COVID-19 pandemic and risk management going forward. He also discussed the labor market and inflation during a webinar that was part of the Milken Institute Summer Series.

Despite the second quarter being the worst quarter of all time from an economic growth perspective, quarterly output looks like it will be 90% of what would be produced in a normal quarter, Bullard said. He attributed this to people working from home and the ability of essential businesses to adapt.

"I think the bulk of the economy will be able to get back to the production levels that they were at," he said. However, he added that it's a different world with a new mortality risk in the economy that isn't going away in the near term. "We're going to have to adapt and learn to cope with it as best we can and mitigate the risk to the most vulnerable individuals as best we can," he said.

Bullard noted that one of the goals of the current situation is to stay out of a financial crisis, and another is to stay out of a depression.

"If you get into the depression scenario, the health outcomes and the economic outcomes will be worse. I think that's really why we should all be motivated to think about how we can stay out of that situation," he said.

Addressing a question about making monetary policy that's aimed at racial justice, Bullard said that ideally unemployment would be as low as possible nationwide with no statistical differences in unemployment rates across racial and ethnic groups. He noted that Black and Hispanic unemployment rates have consistently been higher than white unemployment rates in the postwar era, but that the gaps were narrowing coming into this crisis.

Some of the economics literature on this topic suggests that one of the best things that can be done for racial equality and racial justice is to keep economic expansion going for a long time, Bullard said.

"That's very much tied to our mandate from Congress, and we certainly try

to carry that out as best we can," he said.

He also talked about inflation, which has generally been below the Fed's 2% inflation target in recent years.

"We've got a lot of very aggressive monetary policy and fiscal policy in place to respond to this crisis," Bullard said. "I'm hopeful that we can get a pretty robust recovery in the second half here and that inflation will actually come up to our 2% target."

Having trouble with the video? [Watch it here](<https://vimeo.com/430899000>).

- **June 18, 2020.** Remarks. [Bullard Speaks about the Economic Crisis and Prospects](#), Shadow Open Market Committee (SOMC) virtual conference with Chapman University.

Bullard Speaks about the Economic Crisis and Prospects during SOMC Event

June 18, 2020

St. Louis Fed President James Bullard talked about where he thinks we are in the current economic crisis and the prospects for the U.S. economy. He spoke during a Shadow Open Market Committee (SOMC) virtual conference with Chapman University. The SOMC is an independent organization that discusses economic policy.

The shutdown policy in response to the COVID-19 pandemic was appropriate initially when little was known about the disease, but cannot be maintained over a longer period of time, Bullard said. If massive business failures occur, we'll face depression risk, financial crisis risk, or both, he said, adding that we want to stay out of those situations.

As we learn more about the disease, the economy will "adopt a more granular risk-based approach to disease management," he said.

Bullard discussed two approaches: “ubiquitous” testing, which includes testing not just those who are sick; and “risk-based” stay at home, where those who have different levels of risk from the disease will protect themselves differently. A lot of those adjustments already are occurring, Bullard said, and will continue through the third quarter, at which point most of the easiest and simplest adaptations will have been made by firms and households.

“The end of the third quarter will be an important checkpoint for where we are in the crisis,” he said.

As the days and weeks go by, more is learned about the nature of the mortality risk and how it can be mitigated, as well as how goods and services can be provided safely, Bullard said. Risk mitigation can be undertaken at the individual level and at the firm level, he said.

“The result will likely be higher output, as well as less fatalities than the economy initially experienced during the March-April 2020 time frame,” he said.

Bullard also answered questions about prospects for the U.S. economic recovery, the policy responses during this crisis compared with those during the 2007-09 financial crisis, the risks of a higher federal debt-to-GDP ratio, and more.

- **May 28, 2020.** Article. "[Assessing Second-Quarter Unemployment amid the Pandemic](#)," Federal Reserve Bank of St. Louis *Regional Economist*, Second Quarter 2020.

Assessing Second-Quarter Unemployment amid the Pandemic

The U.S. economy has been experiencing a partial shutdown as recommended by health authorities in response to the coronavirus pandemic. As a result, the second quarter of 2020 will be an unparalleled quarter for U.S. unemployment.

A [published March 24 used different ways of looking at the number of