

“We cannot hit the pause button for very long in major economies around the world, and certainly not in the U.S.,” he said, adding that there may be a 90- or 120-day shelf life on the policy. After that, the shutdown policy can’t continue because too much will start to happen, he said. “You’ll get business failures on a grand scale, and you’ll be taking risk that you’d go into depression.”

The shutdown policy was rational at the beginning, when the pandemic caught everybody by surprise and it was necessary to get the disease under control, he said. But it is a blanket-type policy, he explained. “I think we have to get away from the shutdown policy and toward something that is more about risk mitigation,” Bullard said.

In terms of his economic outlook, he said that he expects a large decline in GDP in the second quarter for the U.S., followed by very positive growth in the third quarter.

During the webinar, Bullard also discussed pandemic relief for disrupted workers and businesses, negative interest rates, the Fed’s balance sheet, the U.S. debt-to-GDP ratio, inflation risk, the Federal Reserve’s policy framework review, the future of central banking, and more.

Having trouble with the video? [Watch it here.](<https://www.omfif.org/events/the-federal-reserves-outlook-for-testing-times/>)

- **May 5, 2020.** Remarks. [Bullard Shares Perspectives on the Pandemic](#), NABE, Perspectives on the Pandemic Webinar Series.

### **Bullard Shares Perspectives on the Pandemic during NABE Webinar**

May 5, 2020

St. Louis Fed President James Bullard discussed moving through the pandemic threat during a National Association for Business Economics (NABE) event, which was part of the association's Perspectives on the

## Pandemic Webinar Series.

While the current shock is unlike any other in the post-war era in the U.S., the nature of the shock is well understood, Bullard said. He noted that the task at hand is to put the economy on pause and ask people to stay home in order to invest in national health.

He reiterated his view that the main disruption in the U.S. economy will be in the second quarter. "I do think we have a better chance of a swift recovery given this shock than others that we have seen in the past if we manage the situation carefully and we continue to keep our wits about us as we move through, day by day, the pandemic threat," he said.

Bullard said that one goal during the shutdown period is to provide support to the financial sector to avoid having a financial crisis in addition to a pandemic crisis. "I think that the Fed has intervened effectively in financial markets in order to maintain market functioning," he said. "I think we can do more, but I think we've done probably the most obvious steps so far."

Another goal during this period is to support the real economy, which the FOMC did right away by lowering the policy rate to zero, Bullard noted. He added that the fiscal response has also been aggressive in trying to compensate those who are being asked to pause in their businesses and their work, which is helping mitigate the risk of the crisis morphing into a very serious and long-lasting depression.

Bullard noted that the general-pause situation is OK right now, but it cannot be maintained for long. "I think the shutdown policy was appropriate to handle the initial surprise of the pandemic, but keeping the shutdown in place in the same way that we have it now as a blanket policy will cause too many problems longer term," he said, adding that he expects to see a more risk-based and granular policy going forward.

In terms of ending the crisis, Bullard suggested putting resources toward technology that is available, mainly testing. From an economic point of view, "what we really have is an information problem" in that people don't know where the virus is, he explained.

Having trouble with the video? [Watch it here.](<https://www.youtube.com/watch?v=SpQpq8S5bcI&feature=youtu.be&t=68>)

- **April 17, 2020.** Remarks. [Bullard Gives Remarks on COVID-19 and the U.S. Economy](#), The Chamber of Digital Commerce, Reinventing Bretton Woods Committee, and Accenture, “The World Economy Transformed: Reflections on Policy Responses and the Future Post Pandemic Monetary Architecture” webinar.

### **Bullard Gives Remarks on COVID-19 and the U.S. Economy**

April 17, 2020

St. Louis Fed President James Bullard discussed the impact of the shutdown policy on the U.S. economy as well as a way to end the crisis caused by the coronavirus pandemic. He spoke at a webinar, "The World Economy Transformed: Reflections on Policy Responses and the Future Post Pandemic Monetary Architecture." The Chamber of Digital Commerce, Reinventing Bretton Woods Committee, and Accenture hosted the event.

Bullard said that he thinks the main economic impact will occur in the second quarter of 2020, which he has suggested calling a "pandemic adjustment period." He said that "the numbers coming out of the second quarter will be not comparable to anything we've seen in U.S. macroeconomic history." Comparing the time with other periods in the past is misleading "in thinking about how the economy might be able to behave going forward," he said.

Bullard also suggested that this is a time when economists have to come up with solutions that will end this crisis and put the U.S. and global economy back on firm footing.

To that end, he talked about the importance of ramping up testing for the virus. He proposed using some of the dollars being spent on the crisis to pay the costs of production of tests for any entity that wants to produce them.