

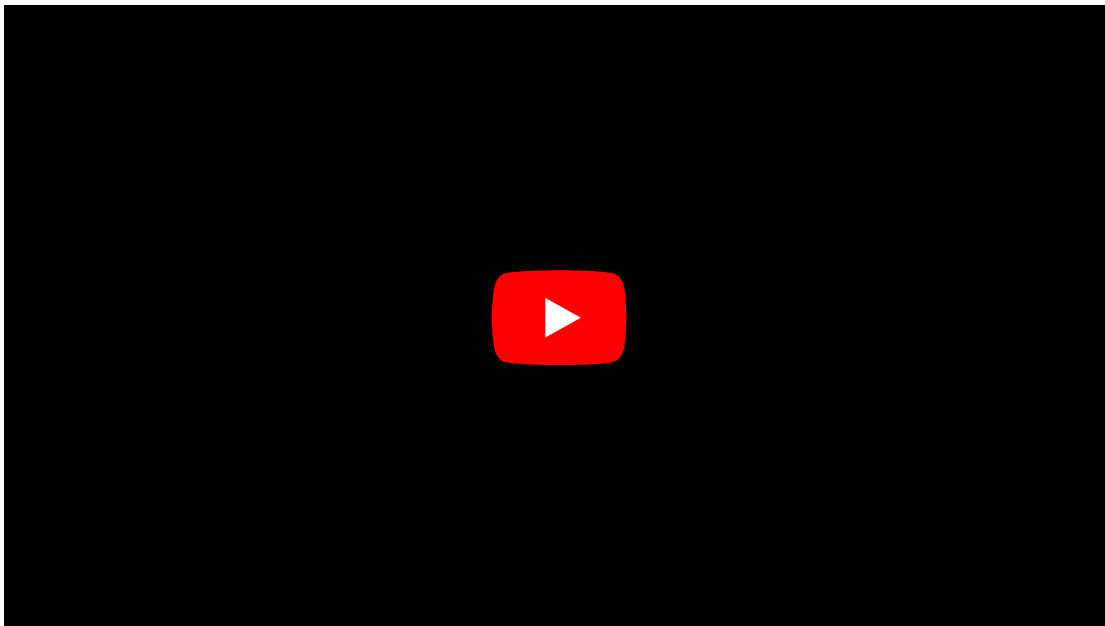
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Bullard Talks about Managing the Health Risk to the Economy in St. Louis Regional Chamber Webinar

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.

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