

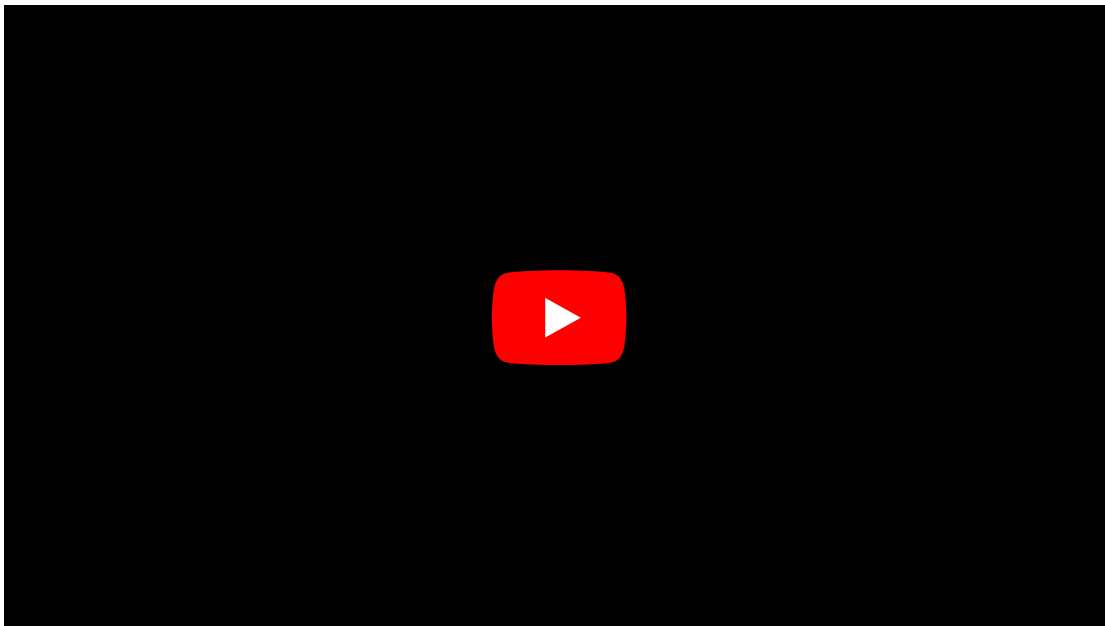
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From the President

Bullard Discusses Impact of Economic Shutdown during a U.S. Chamber of Commerce Event

April 16, 2020



St. Louis Fed President James Bullard shared his views on the economic impact of the shutdown policy and the role of widespread coronavirus testing in reopening the economy. He participated in a moderated Q&A during the U.S. Chamber of Commerce’s “Path Forward” virtual event.

Bullard noted that the shutdown policy has a severe impact on the economy, with expectations of GDP way down and second-quarter unemployment spiking. “We’re trying to make it through the second quarter here,” he said, “and then get to something else in the third quarter where we have a much better idea about where the virus is, and therefore we can get back to more normal production.”

Asked about the role of testing in reopening the economy, Bullard discussed the idea of enlarging the testing industry, creating a “pop-up” industry, “so that we can get, more or less, daily testing of a wide swath of the American public.” Considering the amount the

shutdown policy is costing—about \$25 billion per day—the U.S. should be able to produce plenty of tests, he said.

Regarding the type of economic recovery to expect following a steep decline, Bullard suggested that a V-shaped recovery is possible if there is a high level of testing by the third quarter. He also talked about the need to manage the health risk to avoid another shutdown of the same magnitude once the economy has reopened.

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