



Bullard Discusses Two Solutions to the Current Crisis

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ST. LOUIS FED
 President Jim Bullard, CD Howe Institute Webinar May 27, 2020

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St. Louis Fed President James Bullard shared his views on the partial-shutdown policy that has been in place for the U.S. economy as an investment in national health. He also discussed two ways to solve the crisis from the COVID-19 pandemic. He spoke during a C.D. Howe Institute webinar.

Bullard said that the shutdown policy was appropriate initially, but that continuing it too long would risk a financial crisis and would risk depression.

He then talked about two solutions to the crisis, which he said are happening to some degree already—ubiquitous testing and a risk-based stay-at-home approach. He added that both economic and health outcomes would be better using those two solutions than under the shutdown policy.

Bullard said the testing would solve an information problem, allowing people to know where the virus was at all times. A highly productive economy that would also have very low fatalities from COVID-19 would result, he added.

A risk-based stay-at-home approach would rely on data on who is being affected by the disease, Bullard explained. He suggested using other mortality risks, such as from accidental injuries, to size the mortality risk from COVID-19. Based on current projections, he said, the risk posed by COVID-19 would be slightly less than the risk posed by accidental injury for 2020.

He also said calibrating the risk could be done by age, which would suggest that younger people would probably go to work, while older people would probably stay home, he explained.

“And because of that, you’d get more output, and you’d get very limited fatalities, as long as the elderly population stayed away from infection,” Bullard said.