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From the President

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

June 23, 2020



The screenshot shows a video player interface for a webinar. The title is "A Conversation with Federal Reserve Bank of St. Louis President and CEO James Bullard". The host is identified as "Milken Institute". The main text reads "A Conversation with Federal Reserve Bank of St. Louis President and CEO James Bullard". The date and time are "Tuesday, June 23rd | 10:00 AM-10:30 AM PDT". A "Please join us. milkeninstitute.org" link is visible. The video progress bar shows 33:02. The video player includes a play button, a volume icon, a settings gear, and the Vimeo logo. The background of the video frame features the word "LIVE" repeated vertically in a large, white, outlined font.

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.](#)