

THE BOND BUYER

Fed's Bullard Breaks With Peers on Fiscal Aid, Says It Can Wait

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Published

September 30, 2020, 2:15 p.m. EDT

The U.S. economy should continue to recover from the coronavirus-induced recession even if Congress puts off consideration of additional fiscal stimulus to 2021, Federal Reserve Bank of St. Louis President James Bullard said.

“There may be enough resources right now, at least for 2020,” Bullard said Wednesday as part of a virtual question-and-answer period at the Fed’s community banking conference hosted by the St. Louis bank.

“It probably not so much hinges on whether Congress acts or not before the election here or after the election,” he said. “You could probably wait until next year and then you could assess the situation at that point and make a decision.”



Federal Reserve Bank of St. Louis President James Bullard. **Bloomberg News**

Bullard's view sets him apart from virtually every other Fed leader, many of whom have called for additional support to counter risk of a further setback in the recovery. Bullard said the \$3 trillion in fiscal spending already appropriated by Congress has helped to offset the loss of output from the recession prompted by the virus, with the recovery so far happening faster than expected.

Treasury Secretary Steven Mnuchin and House Speaker Nancy Pelosi failed to strike a deal for a new stimulus package during a 90-minute meeting Wednesday but said they will continue negotiating, with time running out until the election.

Bullard said the stimulus approved this year might not have been targeted perfectly and there have been some who have been left out, "but in a macro sense I think there are plenty of resources there. Another thing you could do is possibly redirect resources that were already authorized in a way to get them to the right places that are most disrupted," he said.

Bullard said huge layoffs announced by Walt Disney Co. this week as well as airlines reflect the hardest-hit areas of the economy, while most businesses are holding up better. Disney said it is slashing 28,000 workers in its slumping U.S. resort business, marking one of the deepest workforce reductions of the Covid-19 era, while cutbacks have also been announced by American Airlines Group Inc. and United Airlines Holdings Inc.

"I have been more bullish on the economy and think it is recovering faster than what was expected," Bullard said, adding that growth trackers for the third quarter show the economy expanding at an annualized pace above 30%.

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