SCOTT PELLEY, CBS NEWS / 60 MINUTES: There's only one question that anyone wants an answer to, and that is: when does the economy recover?

JEROME POWELL, CHAIRMAN OF THE FEDERAL RESERVE: It's a good question. And very difficult to answer because it really does depend, to a large degree, on what happens with the coronavirus. The sooner we get the virus under control, the sooner businesses can reopen. And more important than that, the sooner people will become confident that they can resume certain kinds of activity. Going out, going to restaurants, traveling, flying on planes, those sorts of things. So that's really going to tell us when the economy can recover.

PELLEY: Many states are beginning to reopen their economies. Do you consider the virus under control?

POWELL: Well, I think we're going to see what happens with that. People will need to take certain measures to protect themselves. Wash their hands, wear masks in certain situations and things like that. And I do think that over the next couple of months, you're going to be seeing the beginnings of the recovery, as people, as businesses reopen and people go back to work.

The big thing we have to avoid during that period is a second wave of the virus. But if we do, then the economy can continue to recover. We'll see GDP move back up after the very low numbers of this quarter. We'll see unemployment come down. But I think though it'll be a while before we really feel, well recovered.

PELLEY: Well, that is the question that everyone wants an answer to: "What is a while?" Can there be a recovery without a reasonably effective vaccine?

POWELL: Well, I think you'll see, again assuming there's not a second wave of the coronavirus, I think you'll see the economy recover steadily through the second half of this year. I do think that people will be careful about resuming their typical spending behavior. So certain parts of the economy will recover much more slowly.

Travel, entertainment, things that we do that involve being around lots of other people.
So for the economy to fully recover, people will have to be fully confident. And that may have to await the arrival of a vaccine. But in any case, the economy can continue to, can start getting better fairly soon.

PELLEY: And your people tell you that millions of doses of a reasonably effective vaccine are how far away?

POWELL: So my people are not experts on that. We don't have virologists working here at the Fed. So we're really reliant on what the outside experts say. And they'll tell you that that's highly uncertain. The timing of the development of a vaccine is uncertain. We certainly hope that it's as soon as possible.

PELLEY: But there are minimums? I mean, a year, 18 months is what the best experts are saying, optimistically. And so my question is: is that when the recovery gathers steam, is a year or 18 months away?

POWELL: You know, it depends on how people adapt to this. I think certain parts of the economy will find it very difficult to have really a lot of activity. The parts that involve very close -- people being in the same place, very close together. Those parts of the economy will be challenged until people feel really safe again.

PELLEY: Sporting events, theaters?

POWELL: I would think those would be very difficult.

PELLEY: Airlines?

POWELL: They'll look at alternative things. Sporting events and theaters will be doing more online performances and things like that. But it'll be quite challenging for them. Lots of the rest of the economy, though, can move ahead. But we can't fully recover because those other parts of the economy matter. We can't fully recover though until people feel confident that they're safe.

PELLEY: What economic reality do the American people need to be prepared for?

POWELL: Well, I would take a more optimistic cut at that, if I could, and that is: this is a time of great suffering and difficulty. And it's come on us so quickly and with such force, that you really can't put into words the pain people are feeling and the uncertainty they're realizing. And it's going to take a while for us to get back.

But I would just say this. In the long run, and even in the medium run, you wouldn't want to bet against the American economy. This economy will recover. And that means people will go back to work. Unemployment will get back down. We'll get through this. It may take a while. It may take a period of time. It could stretch through the end of next year. We really don't know. We hope that it will be shorter than that, but no one really knows. What we can do is the part of it that we can control -- is to be careful as businesses go back to work. And each of us individually and as a group, you know, take those measures that will protect ourselves and each other from the further spread of the virus.

PELLEY: As this period of time grows longer, what begins to happen to the economy?

POWELL: There's a real risk that if people are out of work for long periods of time, that their skills atrophy a little bit and they lose contact with the workforce. This is something that shows up in the data -- that longer and deeper recessions tend to leave behind damage to people's careers. And that weighs on the economy going forward.

You could say the same thing about businesses. The small and medium size businesses that are so important to this country, if they have to go through a wave of avoidable insolvencies, you've lost something there that's more than just a few businesses.
You know, it's really the job creation machine. And if that happens, it will take some time to recover from it.

I think the good news is that we have policies that can go some way toward minimizing those effects. And that's by keeping people and businesses out of insolvency just for maybe three or six more months while the health authorities do what they can do. We can buy time with that. And so I think that kind of support may be appropriate.

PELLEY: Some of the best economic analysts in the world report to you. And I wonder what they're telling you the height of unemployment will be.

POWELL: Again, nobody knows. I would say this though. It seems as a reasonable base case that there will be more layoffs probably this month and next month. And as we sit here, 20 million people have lost their jobs in a period of really two months. And it's heartbreaking because where we were just two months ago was we had the lowest unemployment in 50 years, the lowest African-American unemployment ever since we began measuring it.

We had low- and moderate-income communities telling us that this was the best labor market, that you can finally see the benefits of what a tight labor market actually means. More opportunity. And it looked like we would continue to see that going forward for some time and further and further benefits.

Instead, we have this situation where 20 million people have lost their jobs. And my sense is that it's likely that we'll have a couple more months of net job losses. Then, assuming that the economy does begin to reopen and we do that successfully, you'll see people going back to work.

The good news is that the 20 million people who've been laid off overwhelming report themselves as having been laid off temporarily. They're considered temporarily unemployed. And that's because they expect to go back to their old job.

So if those businesses can reopen and if we can do it in a way that doesn't create further problems with the virus, then people can go back to work. So I would say the peak unemployment might be in the next couple of months. And then you might see it coming down over the second half of the year.

PELLEY: And your people are projecting what, 20%? 25%?

POWELL: I think there're a range of perspectives. But those numbers sound about right for what the peak may be.

PELLEY: 25% is the estimated height of unemployment during the Great Depression. Do you think history will look back on this time and call this the Second Great Depression?

POWELL: No, I don't. I don't think that's a likely outcome at all. There're some very fundamental differences. The first is that the cause here-- we had a very healthy economy two months ago. And this is an outside event, it is a natural disaster, in effect. And that's one big difference. In the '20s when the Depression, well, when the crash happened and all that, the financial system really failed. Here, our financial system is strong has been able to withstand this. And we spent ten years strengthening it after the last crisis. So that's a big difference. In addition, the last thing I'll say is that the government response in the '30s, the central banks were trying to raise interest rates to keep us on the gold standard all around the world. Exactly the opposite of what needed to be done.

In this case, you have governments around the world and central banks around the world responding with great force and very quickly. And staying at it. So I think all of those things point to what will be -- it's going to be a very sharp downturn. It should be a much shorter downturn than you would associate with the 1930s.

PELLEY: People have talked about a V-shaped recovery. The sharp downturn and then rocketing right back to where we were. What is the likelihood of that?

POWELL: Yeah, there're letters. People are fascinated by the possibility of different letters. And it's, again, really hard to say because it depends so much on the path of the virus. I will say that it's a reasonable assumption that the economy will begin to recover in the second half of the year, that unemployment will move down, that economic activity will pick up.

We're hearing -- my colleagues and I have been talking to a wide range of leaders around the country in the last few weeks. This is nonprofits, educational institutions, medical institutions and businesses of all sizes. Labor leaders and right across the spectrum of American life. And I would say that there's a growing sense that the recovery may take some time to gain momentum. And that would mean that we will start our recovery and get on that road, and that'll be a good thing, but that it'll take some time to pick up steam.

PELLEY: I was speaking to a former official of the Federal Reserve who said, "V-shape recovery, off the table. There's no chance."

POWELL: Well, I would say the main thing is to get back on the road to recovery. And I think that can happen relatively soon. Likely to happen in the second half of the year. That's a reasonable expectation. After that, the path is going to depend on a range of things. And yes, as I mentioned, I think it's very plausible that the economy will take some time to gather momentum. And that would imply that, at the beginning at least, the recovery would take some time to get moving, to gain steam. And then would move at a quicker pace later on. But that's a reasonable, plausible expectation.

PELLEY: How much do you expect the economy to shrink in the second quarter?

POWELL: So the level of economic activity is going to decline substantially in the second quarter. It will be reported at an annual rate, which will basically be four times as much as the amount it shrank in that quarter. But it's going to be a sharp decline by any measure. And, really, without precedent. And let's remember though that this is something that we're doing as a society, really, to protect ourselves from the virus. This is not because there was some inherent problem, a housing bubble or something like that or the financial system in trouble. Nothing like that.

The economy was fine. The financial system was fine. We're doing this to protect ourselves from the virus. And that means that when we do that, when the virus outbreak is behind us, the economy should be able to recover substantially. And I expect that it will recover substantially, but that it will take some time.

PELLEY: But the shrinkage of GDP in the second quarter, what numbers are you looking at?

POWELL: You know, the numbers are going to be very high. And it's hard to be precise. I wouldn't want to guess. The public estimates that are out there are reasonable. And, you know, they'll be very, very high.

PELLEY: 20%?

POWELL: Easily. You know, could easily be in the twenties or thirties.

PELLEY: You expect the third quarter to see growth? To not be negative?

POWELL: I think that's going to be the key question; I expect that there'll be growth in the second half. I think that the recovery -- so the third quarter begins in July. I think there's a good chance that there'll be positive growth in the third quarter. And I think it's a reasonable expectation that there'll be growth in the second half of the year. I would say though we're not going to get back to where we were quickly. We won't get back to where we were by the end of the year. That's unlikely to happen.

The main thing is, once we start on the road to recovery, is to stay on that road and just do everything we can to stay on it for a long period of time. And the economy will continually heal. And before we know it, we'll be back at more normal levels of unemployment and activity. People'll be back in their jobs.

PELLEY: In terms of the workforce, Mr. Chairman, who is getting hurt the worst by this downturn?

POWELL: The people who're getting hurt the worst are the most recently hired, the lowest paid people. It's women to an extraordinary extent. We're actually releasing a report tomorrow that shows that, of the people who were working in February who were making less than $40,000 per year, almost 40% have lost their jobs in the last month or so. Extraordinary statistic. So that's who's really bearing the brunt of this.

PELLEY: The people who can afford it the least are being hurt the worst?

POWELL: That's right. Now, I think the pain is very widely spread. But clearly, it is falling the most on those who are least in a position to bear it.

PELLEY: In terms of stimulus, has the Congress done enough?

POWELL: The Congress has done a great deal and done it very quickly. There is no precedent in post-World War II American history that's even close to what Congress has done. They have passed $3 trillion in stimulus, which is 14% of GDP. It is vastly larger than anything they've ever done. And also very, very quick. So a lot of that money is just starting to flow through the economy. And it's going to help households and businesses in coming months. The thing is that the coronavirus shock is also the biggest shock that the economy's had in living memory.

And the question is, will it be enough? And I don't think we know the answer to that. It may well be that the Fed has to do more. It may be that Congress has to do more. And the reason we've got to do more is to avoid longer run damage to the economy.
If we let people be out of work for long periods of time, if we let businesses fail unnecessarily, waves of them, there'll be longer term damage to the economy. The recovery will be slower. The good news is we can avoid that by providing more support now.

PELLEY: And what sort of support, in your view, do you think the Congress would want to consider?

POWELL: You know, I don't give them advice. We don't have oversight over Congress. Quite the reverse, actually. We're a creature of Congress. And they have oversight over us. But -- so I don't give them advice on particular policies. But I would say, if I may, that policies that help businesses avoid avoidable insolvencies and that do the same for individuals -- keep workers in their homes, keep them paying their bills. Keep families solvent so that when this comes, we come out the other end of this, we're in a position to have a strong recovery. People will be able to spend, be able to do things. And that's what we need, to have a strong recovery when it comes.

PELLEY: The expansion of unemployment benefits will run out soon. I suspect that's the kind of thing you'd like to see extended?

POWELL: I believe the enhanced unemployment insurance, which again, is unprecedented in American history, it's a very large program. I believe it runs out at the end of July. And that, I think that is something Congress will be considering -- whether that should be extended in one form or another.

PELLEY: In March, as the Dow Jones Industrials was dropping 8,000 points and investors were running away from U.S. Treasuries, considered to be the safest possible investment, what did you think in that moment?

POWELL: Well, it was an extraordinary event. What markets were trying to do, they were trying to process something that you really can't know, and that is what will be the effect of the virus, which by then -- it was clear it would be a worldwide virus. That was the moment of truth, was when in Korea and Italy and Iran at the same time, you saw big outbreaks. And then it was clear that the virus was not going to be successfully contained in China. And then immediately after that, there was a flight to safety. So investors wanted to be in very short-term instruments and they wanted them to be in major currencies. And so they buy Treasury Bills, for example. They didn't even want to buy longer-term Treasuries because those can move around in value. So it was an extraordinary moment. And we obviously had to do something, and we did. We put our tools to work to really support market function, to get markets back to where they would just work. And they did. It took us quite a while, but it worked.

PELLEY: But I'm curious about that moment for you personally. When you were sitting in your office, through that door over there, and you were watching your Bloomberg Terminal and the world was coming apart, what did you say to Jay Powell?

POWELL: Well, what'd I say to me? You know it didn't happen. It wasn't a light switch being flipped. So we saw it coming. And we had been thinking about what we would do. So the thing about the Fed is -- the Fed is an institution, it's a great American institution. And it's full of highly capable people, many of whom are now in senior leadership positions, who were here during the financial crisis. So those people have seen what happened in the last serious crisis. And they were here to help.

So we got together and we thought about things to do. And we just did that around the clock for a period of about four weeks -- of just putting old programs back into play, inventing new programs, intervening in various markets, just to assure that the markets are functioning.

We're not trying to move markets to a particular level. We just want them to work. We want, you know, people to be buying and selling. And so, you know, it felt like we really needed to act. And we did.

PELLEY: Fair to say you simply flooded the system with money?

POWELL: Yes. We did. That's another way to think about it. We did.

PELLEY: Where does it come from? Do you just print it?

POWELL: We print it digitally. So as a central bank, we have the ability to create money digitally. And we do that by buying Treasury Bills or bonds for other government guaranteed securities. And that actually increases the money supply. We also print actual currency and we distribute that through the Federal Reserve banks.

PELLEY: In terms of size, Mr. Chairman, how does what the Fed is doing right now compare to the unprecedented action it took in 2008?

POWELL: So the things we're doing now are substantially larger. The asset purchases that we're doing are a multiple of the programs that were done during the last crisis. And it's very different this time. In the last crisis, the problems were in the financial system. So they were providing support for the banking system. Here, really, the problems are in what we call the real economy, actual companies that make and sell goods and services. And what's happening to them is that many of them are closed or just not having any revenue.

And we're trying to do what we can to get them through this period where they're perfectly good companies that have had, you know, sound financial condition as recently as February, but now they have no business. And they have fixed costs. So we're trying to help them get through that period.

PELLEY: Are you now satisfied that the markets, the equity markets, the bond markets, are functioning properly?

POWELL: They have been. The markets have been functioning well. I would give you, as an example -- there was a period during this crisis period of the first half of March when big American companies, household names, were unable to borrow. And companies tend to roll over their debt and borrow as a perfectly routine matter in today's capital markets and economy.

And so we said that we were going to start a facility to lend to companies. We also have a facility for medium size and small companies too. But this is for the large companies. So when we said that and we started to build it -- and what happened is the markets began to heal.

And just the fact that we have stated a strong intention to make credit available has really calmed things down. And now, companies have had a month and a half to finance themselves. And many have done so without our help. So that's a good thing.

PELLEY: Now all they need is business?

POWELL: Yes. But in the meantime, they've been able to borrow. They have lots of liquidity. And it'll make it easier for them to last through this period when business is going to be low.

PELLEY: Are the banks sound?

POWELL: So after the last financial crisis, the banks more than doubled their capital and liquidity and they're far more aware and better at managing the risks they're taking. They're so much stronger than they were before the financial crisis, the last financial crisis. In fact, they were right at the heart of that. They were a key mechanism for amplifying bad things that happened. That's not the case at all now. They've been strong. They've done all the things you would hope they would do. Companies have pulled down their lines of credit. They've funded those. There's -- much more cash has flooded into the banking system as people have sold risky assets. And the banks have absorbed all of that. So the banks have been strong so far.

PELLEY: And for people who wonder whether they should take their money out of the bank and put it in a mattress, you tell them what?

POWELL: There's no need to do that. No need at all. The banks have been strong, they've been fine. There's absolutely no need to do that.

PELLEY: There's no worry there?

POWELL: No.

PELLEY: Mr. Chairman, I've been traveling around these last eight weeks talking to people who've lost their jobs, entrepreneurs who've lost their dreams and their businesses. They are now making choices between rent and food. And I wonder what your message is to them.

POWELL: Yeah. So it is a very difficult time in our country. People are getting sick. Their relatives are getting sick. Loved ones. And people who've built businesses over their lifetime are seeing the revenue go to zero or in any case, way down. It's just a terribly difficult time that we're going through as a nation. And I don't want to say anything to minimize that. You know, we get that. And, you know, we're committed to using our tools to support, provide relief and stability now and support the recovery.

So, but more to your question, I will say this. If we keep doing the right things in government, we keep providing support to businesses and to households and to the unemployed, if we do that and if we're thoughtful and careful about how we reopen the economy so that people take these social distancing measures forward and try to do what we can not to have another outbreak -- if we do all those things, then the recovery can begin fairly soon. And it can be a robust one. It probably will take some time to gather momentum, but we can get into a recovery. And that's the main thing, is to get into a recovery and then do the things we need to do to keep it going and get people back to work.

And I think that process can move fairly quickly in economic time. It will seem like a long time, but we really can get back to a much better place fairly quickly. And a lot of it does ride on people in government doing what we can to support households and businesses in this difficult time.

PELLEY: What we're seeing is the federal government borrowing trillions, upon trillions of dollars to try to dig us out of this hole. How long can that go on?

POWELL: Well, if you take a longer perspective, the U.S. has been spending more than it's been taking in for some time. And that's something we're going to have to deal with. The time to deal with that, the time to get on a sustainable fiscal path, which really just means that the economy is growing faster than the debt, and that means you've got to control the growth of the debt -- the time to do that is when the economy is strong. When unemployment is low, when economic activity is high, that's when you deal with that problem. This is not the time to prioritize that concern.

The United States is the world's reserve currency. The dollar is the world's reserve currency. And we have the ability to borrow at low rates. We have the ability to service that debt. And I would say this is the time when we can use that strength to our longer run benefit. It is true that deficits are going to be big for a couple of years here. And that we'll have to deal with that. The time to deal with that though is when we're through this recovery.

Again, this is an economic shock that's different and bigger than any in our lifetime. But it's not from inside the economy. It's from outside the economy. And so it doesn't say anything bad about our economy. We can get back to a healthy economy fairly quickly. And the spending that we're doing to support people and businesses will help us do that.

PELLEY: And the consequences of not borrowing enough, not spending enough in your view is what?

POWELL: So the risk is that there could be longer run damage to the productive capacity of the economy and to people's lives. And I'll give you an example. If workers are out of work for a long period of time, it becomes harder for them to find their way back into the labor force. Their contacts get old and cold, their skills can atrophy, and they just lose their relationship network. And it can be hard to get back to work. And the longer you're unemployed, the more that it's a factor. So you want to avoid that.

You want unemployment to be relatively short and if people can go back to their same job, that's great. And a lot of that can happen here. The same thing is true with businesses. At times when there are high levels of business failures, even very good businesses that are failing because of something like this, that can do longer run damage to the economy and make the recovery slower and weaker.

It can weigh on the economy for years. So we have tools to try to minimize that longer-run damage to the supply side of the economy. And those tools just involve keeping people solvent, keeping them in their homes, keeping them paying their bills just for maybe a few more months.

And the same thing with businesses. Keeping them away from Chapter 11 if it's avoidable. It's not going to be avoidable in many cases. But if it's avoidable, the more of that we can do, the stronger the recovery will be. The less this period will weigh on economic growth going forward.

PELLEY: What is the danger to the budgets of states and local governments?

POWELL: State and local governments are seeing much lower tax revenue and fee revenue. Many of them get fees from things like transit fees, which have to do with airports and mass transit and things like that. So they're seeing a sharp decline in revenue.

There's quite a lot of budget pressure there. And state and local governments provide many of the critical services that people rely on. Safety -- public safety, fire, police, things like that. So it's a tough time in state and local governments. So that's one of the reasons why we've created a facility to lend money to them, to get them through this period of low revenue.

PELLEY: I know you don't like to give Congress advice, but do you believe that that's an area where Congress could supply money to the state and local governments to keep them afloat?

POWELL: I know that's an area that's part of the discussions that they're having. The thing is, state and local governments have to balance their budget, states do. And if they can't do that, what they'll do is they'll lay people off and they'll cut back on services. And that's not ideal at a time when you're still experiencing heightened medical needs and things like that. So that's something that deserves a careful look.

PELLEY: In the early days of the crisis in this boardroom, you and the committee lowered interest rates essentially to zero. Would you lower them further into negative territory, which the president has suggested is a good idea?

POWELL: So around this table during the last crisis and during the recovery, we looked at negative interest rates. And it's something we decided not to do. We used other tools instead. And those tools involved forward guidance about the federal funds rate and also lots of asset purchases or quantitative easing as it's often referred to.

I continue to think, and my colleagues on the Federal Open Market Committee continue to think that negative interest rates is probably not an appropriate or useful policy for us here in the United States.

PELLEY: And why not? The President seems to think it would help.

POWELL: The evidence on whether it helps is quite mixed. And the issue is people would be depositing money in the bank and that money would be shrinking. They'd be paying interest to put their money in the bank. So it's not a particularly popular policy, as you can imagine.

But in addition, it can also tend to depress the profitability of banks, which makes them likely to lend less, which weighs on economic growth. So I would just say it's not at all settled in, you know, in economic analysis that negative rates really add much value.

PELLEY: I think the idea of negative interest rates is something that a lot of people have a difficult time getting their head around. Would you explain it to me?

POWELL: Well, rather than being paid interest on your cash, you pay interest to the bank -- or if you borrow money, they pay you to borrow money. And if you lend them money by putting it in a bank, then they pay you money.

PELLEY: So the banks would pay people to borrow money, essentially?

POWELL: Yes.

PELLEY: And that would conceivably cause more business and commerce to happen?

POWELL: It would. But, you know, this has been tried. We have negative policy rates in many countries around the world as a result of the financial crisis. And there's no clear finding that it actually does support economic activity on net. And it introduces distortions into the financial system, which I think offset that.

There're plenty of people who think negative interest rates are a good policy. But we don't really think so at the Federal Reserve. And I think it's an area of real uncertainty in the central banking world.

PELLEY: Health experts are telling us that, as various states begin to reopen their economies, there will inevitably be increased infection and excess deaths. And I wonder if any calculations have been made about how many excess deaths are acceptable to get the economy moving again.

POWELL: So that is a question that is not for the Federal Reserve. Researchers are doing that research and they're publishing it right now. We have a very important mission. But we really are not the ones to decide when the economy should reopen. That has to be done, really, by elected officials in consultation with experts.

PELLEY: If the economy reopens and the infection rate surges, what then?

POWELL: Well, the risk would be that you would have to reintroduce, the government would have to reintroduce, the social distancing measures. And that you would have another downturn. And that would be bad for confidence. So that's a risk we really want to avoid. And I think we can avoid.

It comes down to people needing to be careful about their behavior because, you know, the virus hasn't gone away. It's still out there. And if -- the reason that cases have gone down and are declining is because people have been in their homes and not in their businesses and not out among crowds-- if we start, if we go back without observing the right protective measures, then it's possible, the experts say, that we would have a second wave. And that would be very damaging to have to reintroduce the measures and slow the economy down again. That would be quite damaging to the economy and also to public confidence.

PELLEY: How important, in your view, is it to avoid that?

POWELL: It's very important to avoid that. Very important.

PELLEY: Do you fear that some places are opening up too quickly?

POWELL: You know, it's just not-- it's not an area where we're supposed to be. We're not the experts on that. We really have to leave that to, have some faith in our public institutions and the thing is, we're having a public debate about that now.

And we have a big country and people are doing different things. My sense, from talking to business and nonprofit leaders, is that it's not a binary thing. I think wisely, many companies and people are taking a much more nuanced approach.

They're thinking about their business model, the place where they live. They're thinking about the kind of safeguards that would be appropriate in their workplace. And making sure that people take them. And also what's the right timing. I think people will tend, where their safety is concerned and where people understand that their safety's concerned, I hope, they'll take smart measures to control the risks.

PELLEY: The United States leads the world in illness and death in the pandemic. Does that suggest that the United States should be the last country to reopen?

POWELL: Again, we don't have responsibility for the question of when the United States should reopen. That's really a question for other parts of the federal, state, and local governments. And also really importantly, it's a question for people in how they want to live their lives.

The government can decide that social distancing measures are no longer required, that nonessential businesses can reopen. But individuals, families are going to decide whether they want to go shopping again, and if so, when and where. And so I think that's really the thing.

And that'll depend on confidence. When the public is confident that it's safe to go out, they'll go out. And I think that's the key thing, that's why there's no trade-off here. I think the key thing is to get the virus under control and also have people understand that more social distancing measures really goes with opening up the economy. The more things you do to protect yourself, the sooner we can open up the economy. And the safer it will be to do so.

PELLEY: Has the Fed done all it can do?

POWELL: Well, there's a lot more we can do. We've done what we can as we go. But I will say that we're not out of ammunition by a long shot. No, there's really no limit to what we can do with these lending programs that we have. So there's a lot more we can do to support the economy, and we're committed to doing everything we can as long as we need to.

PELLEY: What would the Fed's next steps be, potentially?

POWELL: Well, to begin, the one thing we can certainly do is we can enlarge our existing lending programs. We can start new lending programs if need be. We can do that. There are things we can do in monetary policy. There are a number of dimensions where we can move to make policy even more accommodative. Through forward guidance, we can change our asset purchase strategy. There are just a lot of things that we can do.

PELLEY: What is the best guarantee that you can make to the American people?

POWELL: Well, a lot of things I can't guarantee. The one thing I can absolutely guarantee is that the Federal Reserve will be doing everything we can to support the people we serve. And that means providing some relief and stability now. It means supporting the recovery when it comes. And it means doing everything we can to avoid longer term damage to the economy, and longer-term damage to people's careers and to the many great businesses that make up our economy.

PELLEY: What gives you hope in this dark time?

POWELL: Well, as I mentioned, in the long run, I would say I would never bet against the American economy or the American people. We have a great economy. We have highly industrious people. We have the most dynamic economy in the world. And we're the home of so much of the great technology in the world.

So in the long run, I would say the U.S. economy will recover. We'll get back to the place we were in February; we'll get to an even better place than that. I'm highly confident of that. And it won't take that long to get there. It will take some time to get there. So I think we're going to need to help each other through this. And we will.

PELLEY: Mr. Chairman, I just got a push notification on my phone: "Dow tanks more than 500 points in Wall Street sell-off after Fed chair warns economic recovery will be prolonged and bumpy." You knew that was coming.

POWELL: I've been watching the markets.

PELLEY: And when you say things, people listen. And Wall Street didn't want to hear that this was going to take longer than their hopes indicated?

POWELL: I was really calling out a risk that I think is an important one for people to be cognizant of, and that is the risk of longer-run damage to the economy. And really, the good news is that we have the tools to limit that longer-run damage by continuing to provide support to households and businesses as we get through this. And that was really my message.

PELLEY: It was meant to be a signal to Capitol Hill to tell lawmakers the economy needs a great deal more support?

POWELL: That was a part of my remarks this morning. I also wanted to just talk more at length about the longer-run dangers and commit the Fed to really stay in this fight as long as we need to as well.

PELLEY: In this emergency, the Fed has been lending to large companies. I wonder, when will small businesses, the corner grocery store owned by a mom and a pop and a family for years, when are they going to see help?

POWELL: There are lending programs for small, medium, and large companies. For the small companies, you have the Paycheck Protection Program which is being administered by the SBA. That's available to companies that are under 500 employees. And these are loans that turn into grants, if you comply with the terms of the loan. And we've been through a large amount of funding for that, and that's for small companies.

For the larger companies we have the corporate credit facilities for the secondary market and primary market, and that's for companies that are big and have access to the bond market. And that's worked very well. We haven't actually had to lend anyone any money because now the markets are working because the markets know that we're there.

In the middle, you have what we call the Main Street facility, and that's for small and medium-sized businesses up to $5 billion in revenue and 15,000 employees. And we are putting together a facility that will lend money to companies that were in good financial shape before the pandemic hit, and we'll do that in order to get them through this difficult period of when their revenues may be very low.

PELLEY: You are an enormous fan of the Washington Capitals. When do you think you're going to be comfortable going back to a game?

POWELL: That's a great question. Soon, I hope. You know, certainly no sooner than next season. I think next season, we can think about-- it's going to depend on the path of the virus, which is very hard to say. I'll say generally, public sporting events, public concerts and things like that -- those will be among the last things that can be resumed.

PELLEY: As we discussed earlier in the interview, the pandemic has illuminated some of the disparities in our economy. And I wonder what you would like to see on the back end of this, when we begin to repair the damage?

POWELL: We, in the last couple of years, have seen real gains, before the pandemic. We've seen real gains for people at the lower end of the income spectrum. And it had been a function of having a tight labor market, the lowest unemployment in 50 years. And we were really starting to see wage gains at the low end. For the last couple of years of the expansion, wage gains were the highest for people at the low end of the wage spectrum. And it was a great thing to see. But we had to wait until the eighth, ninth, and tenth year of an expansion to get there. And I don't think that's a good long-term strategy.

You know, at the Fed, we will do everything we can to get the economy back in expansion mode, and to keep it there for a long period of time. I don't want to think though that we'll take years and years to get back to a place where we have a tight labor market, and that's what it takes to really get opportunities to less advantaged communities, low- and moderate-income communities.

I think we do need to be mindful of finding a way to a more inclusive prosperity in this country. It's not something the Fed can really lead on. But you actually hear businesses talking about this a lot because it's their workforce, it's the people that work for them.
They want people with skills who can benefit from the great opportunities in the global economy. But I do think that's a very important thing. And at the Fed, we're very mindful that we serve all of the people, including those in low- and moderate-income communities. And we spend a lot of time talking about what their lives are like, and how our policies affect them. Not just the numerical aggregates that economists like, but also how it affects real people's lives. And, you know, I think that's a very important part of our analysis.

PELLEY: Finally, what metrics are you looking at here hour by hour, day to day, to divine what the future is going to be?

POWELL: You know, at the moment, the thing that matters more than anything else is the medical metrics, frankly. It's the spread of the virus. It's all the things associated with that. Of course, we're also looking at the employment data.

But in a sense, the real-time economic data that we're seeing is just a function of how successful the social distancing measures are. So the data we'll see for this quarter, which ends in June, will be very, very bad. There'll be a, you know, big decline in economic activity, big increase in unemployment. But in a sense, those are a byproduct. So what we're really looking at is getting the medical data, which is not what we usually look at, taken care of so that the economic data can start to recover. And that we think can happen as soon as the third quarter.

PELLEY: Do you have a direct connection to the CDC? Where does this information come to you from?

POWELL: You know, we don't have people on staff here who have made their living doing that. But of course we've had lots and lots of contact with experts, both at the staff level and I've talked to a number of experts in the area on an ongoing basis. So we do check in with the real experts, and get their best thinking. But they will tell you that there's a lot of uncertainty about this.

PELLEY: Thank you very much.

POWELL: Thank you.