



FEDERAL RESERVE BANK *of* KANSAS CITY

June 17, 2022

*The following statement is from Esther L. George, president and CEO of the Federal Reserve Bank of Kansas City, regarding her vote at the Federal Open Market Committee's June 14-15, 2022, meeting:*

I dissented at this week's FOMC meeting against a 75 basis point increase in the target range for the federal funds rate because I viewed that move as adding to policy uncertainty simultaneous with the start of balance sheet runoff.

With high inflation and a tight economy, the case for continuing to remove policy accommodation is clear-cut. Inflation began building over the past year and has shown no meaningful signs of deceleration.<sup>1</sup> For some time, I have advocated for stopping asset purchases and beginning the runoff of the \$9 trillion balance sheet and returning interest rates to more normal levels.<sup>2</sup> However, the speed with which we adjust the policy rate is important. Policy changes affect the economy with a lag, and significant and abrupt changes can be unsettling to households and small businesses as they make necessary adjustments. It also has implications for the yield curve and traditional bank lending models, such as those prevalent among community banks.<sup>3</sup>

I share the Committee's strong commitment to bring down inflation to achieve our mandate for long-run price stability.

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<sup>1</sup> See "[The Outlook for Demand, Inflation and Productivity](#)," remarks at the Kansas City Fed's Agricultural Symposium. May 24, 2021.

<sup>2</sup> See "[The Long Return to Normal](#)," remarks at the American Enterprise Institute. September 24, 2021.

<sup>3</sup> See "[The Path to Price Stability](#)," remarks at the Economic Club of New York. March 30, 2022.