News Releases

Oct. 30, 2015

Richmond Fed President Jeffrey Lacker Comments on FOMC Dissent

Richmond, Va.

"The Federal Open Market Committee decided on October 28 to maintain a target range of zero to 25 basis points for the federal funds rate.

"I dissented because I believe that an increase in our interest rate target is needed, given current economic conditions and the medium-term outlook. My assessment is essentially unchanged from the Committee's September meeting, at which I also dissented. My reasoning was based on my belief that with the steady growth in output and household spending that we have been observing — and expect to continue — the real (inflation adjusted) rate of interest should be higher than its current level of less than negative 1 percent. My assessment was also supported by labor markets that had tightened considerably and my confidence that inflation will return to our 2 percent objective after the temporary effects of low energy and import prices have passed.

"The Committee's decision not to raise rates in September was influenced, in part, by global financial and economic developments in the weeks before that meeting. I did not believe at the time that the uncertainty stemming from those events was sufficient to justify further delay in policy normalization. The data we have received since the September meeting have strengthened my confidence that those events are not likely to change the medium-term outlook for U.S. growth and inflation. So I remain convinced that it is time to better align our interest rate policy with the economy's past progress and ongoing growth.

"I recently expressed my views in a speech to the Richmond Retail Merchants Association titled 'The Case Against Further Delay.' My views on the economy and monetary policy are also available on richmondfed.org."

As part of our nation's central bank, the Richmond Fed is one of 12 regional Reserve Banks working together with the Board of Governors to support a healthy economy and deliver on our mission to foster economic stability and strength. We connect with community and business leaders across the Fifth Federal Reserve District — including the Carolinas, District of Columbia, Maryland, Virginia, and most of West Virginia — to monitor economic conditions, address issues facing our communities, and share this information with monetary and financial policymakers. We also work with banks to ensure they are operating safely and soundly, supply financial institutions with currency that's fit for distribution, and provide a safe and efficient way to transfer funds through our nation's payments system.

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