

# Bullard Discusses Fed's Response to Inflation during AIC Remarks

**March 23, 2022**

St. Louis Fed President Jim Bullard discussed the upside surprise on inflation in recent months and the Fed's response. He spoke at the Asian Investment Conference in an interview that was recorded March 22.

Bullard noted that the U.S. inflation data in October through February were hotter than expected, and inflation rates are the highest in 40 years. The Federal Open Market Committee (FOMC) has adjusted a lot in the last six months, and more at last week's meeting, with the FOMC's Summary of Economic Projections now suggesting that the policy rate would rise substantially this year, he said.

He discussed his dissent at last week's meeting, saying that he thought the FOMC should start moving sooner and faster in terms of removing monetary policy accommodation. In particular, Bullard favored raising the policy rate by 50 basis points (instead of the FOMC's 25-basis-point increase) and getting going on Fed balance sheet runoff. (See "[President Bullard Explains His Recent FOMC Dissent](#)" for more details.)

"We're certainly moving in the right direction, but you have to move at a pace that makes sense for the situation, and right now we're putting upward pressure on inflation" while headline PCE inflation is running 400 basis points over target, Bullard said. "So, I think we have to move faster to keep inflation under control," he said, noting that he has in mind something like the 1994 reset of monetary policy, where the policy rate was increased 300 basis points in one year with good results for the economy and inflation.

Bullard also discussed his main concern about the Russia-Ukraine war from an economic point of view (whether Europe can stay out of recession in response to the shock), the robust labor markets in the U.S., and the importance in central banking of thinking about new ways to approach monetary policy and deal with unique situations.

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