Doedtman, president and CEO of Washington Savings Bank in Effingham and a member of the St. Louis Fed's Community Depository Institutions Advisory Council. [Download High Resolution Photo](https://www.stlouisfed.org/-/media/project/frbstl/stlouisfed/images/bullard/photos/2019/effingham-tour/gallery/effinghamzone4.jpg)

- **September 20, 2019**. President Bullard Explains His Recent FOMC Dissent, Federal Reserve Bank of St. Louis *On the Economy* blog.

  President Bullard Explains His Recent FOMC Dissent

  By [James Bullard](https://www.stlouisfed.org/from-the-president), President and CEO, Federal Reserve Bank of St. Louis

  The following is a statement by Federal Reserve Bank of St. Louis President Jim Bullard explaining his dissenting vote at the FOMC's Sept. 17-18, 2019, meeting:

  I dissented with the Federal Open Market Committee (FOMC) decision announced on Sept. 18, 2019, to lower the target range for the federal funds rate by 25 basis points to 1.75%-2.00%. In my view, lowering the target range by 50 basis points to 1.50%-1.75% would have been a more appropriate action. The following considerations factored into my decision.

  First, there are signs that U.S. economic growth is expected to slow in the near horizon. Trade policy uncertainty remains elevated, U.S. manufacturing already appears in recession, and many estimates of recession probabilities have risen from low to moderate levels. Moreover, the yield curve is inverted, and our policy rate remains above government bond yields for nearly every country in the G-7.

  Second, core and headline personal consumption expenditures (PCE) inflation measures continue to run some 40 to 60 basis points, respectively, below the FOMC's 2% inflation target. Market-based measures of inflation expectations continue to indicate expected longer-term inflation rates substantially below the Committee's target. This is occurring despite the 25 basis point cut in July and the 25 basis point cut that was expected for the September meeting. While the unemployment rate is low by historical standards, there is little evidence that low unemployment poses a significant inflation risk in the current environment.

In light of these developments, I believe that lowering the target range for the federal funds rate by 50 basis points at this time would provide insurance against further declines in expected inflation and a slowing economy subject to elevated downside risks. It is prudent risk management, in my view, to cut the policy rate aggressively now and then later increase it should the downside risks not materialize. At the same time, a 50 basis point cut at this time would help promote a more rapid return of inflation and inflation expectations to target.

Although I disagreed with the Committee’s decision to lower its target range by only 25 basis points, I remain confident that the Committee will continue to monitor economic developments and respond accordingly as economic circumstances dictate. I look forward to working with my colleagues to fulfill the FOMC’s mandates.

Additional Resources
This blog offers commentary, analysis and data from our economists and experts. Views expressed are not necessarily those of the St. Louis Fed or Federal Reserve System.

Email Us

All other [blog-related questions](mailto:on-the-economy@stls.frb.org)

- **September 4, 2019**. Welcoming Remarks. Given at *Fed Listens*, Federal Reserve Bank of St. Louis.
Remarks (pdf) (bullard_welcoming_remarks_fed_listens_4_sept_2019pdf).

Welcoming Remarks: Fed Listens

September 4, 2019