Statement from Federal Reserve Bank of Cleveland president Beth Hammack regarding her vote at the Federal Open Market Committee's July 28–29 meeting

At this week's meeting of the Federal Open Market Committee (FOMC), I dissented in favor of raising the federal funds rate. Inflation has been too high for too long. In my view, now is the time for the FOMC to act to speed the return of PCE inflation to our 2 percent objective and deliver on our commitment to price stability for the American people. The longer that high inflation persists, the more challenging and costly it can be to bring it back down.

Inflation has remained stubbornly above 2 percent for more than five years, and I am not confident it will return to our objective on its own. Supply-side factors, including energy prices, have boosted inflation this year, but I see inflationary pressures coming from the demand side of the economy, as well. What I have heard from across the Fourth Federal Reserve District reinforces this view: Businesses describe pricing pressures as broadening rather than fading, and consumers are expressing despair over persistently higher prices.

Given the stability of the labor market, with the unemployment rate near my estimate of maximum employment, I view high inflation as the more pressing problem. A higher federal funds rate would help restrain economic activity and reduce inflationary pressures. I preferred to move at our recent meeting because I did not see the current policy stance as appropriately restrictive.

A wide range of viewpoints is critical to any deliberative process, and I appreciate the robustness of our monetary policy discussions. I look forward to continuing to work with my fellow FOMC colleagues to deliver on our mandate of maximum employment and price stability.