

ROBERT P. CASEY, JR., PENNSYLVANIA, CHAIRMAN

KIRSTEN E. GILLIBRAND, NEW YORK
RICHARD BLUMENTHAL, CONNECTICUT
ELIZABETH WARREN, MASSACHUSETTS
JACKY ROSEN, NEVADA
MARK KELLY, ARIZONA
RAPHAEL WARNOCK, GEORGIA

United States Senate

SPECIAL COMMITTEE ON AGING
WASHINGTON, DC 20510-6400
(202) 224-5364

TIM SCOTT, SOUTH CAROLINA, RANKING MEMBER

SUSAN M. COLLINS, MAINE
RICHARD BURR, NORTH CAROLINA
MARCO RUBIO, FLORIDA
MIKE BRAUN, INDIANA
RICK SCOTT, FLORIDA
MIKE LEE, UTAH

December 10, 2021

VIA ELECTRONIC TRANSMISSION

The Honorable Janet Yellen
Secretary
U.S. Department of the Treasury
1500 Pennsylvania Ave NW
Washington, DC 20220

Dear Secretary Yellen,

As Ranking Member of the Senate Special Committee on Aging, I am writing to request information on the U.S. Department of the Treasury's evaluation of inflationary policies and their impact on household prices. In February 2021, former Treasury Secretary and economic adviser Lawrence "Larry" Summers noted the stimulus package under consideration by Congress could "set off inflationary pressures of a kind we have not seen in a generation."¹

It is clear that inflation has now run much hotter and longer than the Administration expected, but hardworking American families and businesses don't have the ability to simply ignore sharply rising prices for everyday goods and services. I request the U.S. Department of the Treasury provide records related to inflation to understand how the agency developed its current policies and how it plans to mitigate inflation's impact on American families.

The Bureau of Labor Statistics recently reported a 6.8% increase in the prices of consumer goods, the largest increase in nearly 40 years.² Inflation has even affected a national retail chain well known for its \$1.00 product pricing by forcing its stores to raise the sticker price for most of its products to \$1.25.³ Consumer goods are at record highs compared to just one year ago. Gasoline is up 57 percent to an average of \$3.48 per gallon, boneless chuck roast has surged 29 percent to \$7.40 per pound and a gallon of milk now costs \$3.66, an increase of 8.4%.⁴ Housing costs are also rising to record levels. Over the past year, the Case-Shiller U.S. National Home index has

¹ Summers, Lawrence H. "Opinion: The Biden stimulus is admirably ambitious. But it brings some big risks, too." *The Washington Post*. 4 February 2021. Op-ed. Accessed 3 December 2021.

<https://www.washingtonpost.com/opinions/2021/02/04/larry-summers-biden-covid-stimulus/>

² Bureau of Labor Statistics. U.S. Department of Labor. *Consumer Price Index- November 2021*. 10 December 2021. Press Release USDL-21-2101. Accessed 10 December 2021. https://www.bls.gov/news_release/cpi_nr0.htm

³ Rocco, Matthew. "Dollar Tree raises most prices to \$1.25 as inflation sweeps retail sector." *Financial Times*. 23 November 2021. Accessed 3 December 2021. <https://www.ft.com/content/b9328c56-13c9-4940-a330-823b81a3c6d5>

⁴ Layne, Rachel. "As inflation jumps, here's a look at how much more Americans are paying for food and fuel." *CBS News*. 23 November 2021. Accessed 3 December 2021. <https://www.cbsnews.com/news/inflation-gas-food-prices-increase/>

risen by 19.5 percent, the strongest yearlong growth in the history of the series.⁵ These higher prices threaten our economic recovery, as American families pay more for everyday goods and services essential to their livelihood.

Painfully high prices are a tax on single parents, seniors, and people living paycheck to paycheck. As we enter the final month of 2021, Americans are struggling to make ends meet—45% of all American households, and 71% of those making less than \$40,000 a year, reported financial hardship due to inflationary price increases.⁶ A survey from Global Atlantic Financial Group found that over 7 in 10 older American investors believe that rising inflation will negatively affect their retirement savings.⁷

The passage of the American Rescue Plan in March 2021 injected trillions of new dollars into the economy, hiking demand beyond available supply. This Administration’s policies have no doubt contributed to inflation and massive price increases, as predicted by former Treasury Secretary and economic adviser Larry Summers.

In September, Chairman Powell recognized this inflationary pressure and warned at the Senate Banking, Housing, and Urban Affairs Committee hearing, “Inflation is elevated and will likely remain so in the coming months before moderating.” In December at the House Committee on Financial Services hearing, you acknowledged out of control inflation and suggested it was time to “retire the word transitory” and “that hasn’t been an apt description of what we are dealing with.”

Given unsustainable consumer price increases, I wish to know how long the U.S. Department of the Treasury has known about and considered ways to address inflation pressures. Further, I would like to know what steps the Department is now taking to counter inflation and protect American families.

With inflation rising to alarming levels, transparency and accountability remain imperative. Accordingly, I respectfully request all records, including draft documents, draft document comments, and draft document redlining responsive to a search of the following keywords within the U.S. Department of Treasury’s control, hosted by the following custodians, dating from January 20, 2021 to December 10, 2021.

Custodians:

- Secretary of the Treasury, Janet Yellen
- Deputy Secretary of the Treasury, Wally Adeyemo
- Chief of Staff, Didem Nisanci

⁵Federal Reserve Bank of St. Louis. “S&P Dow Jones Indices LLC, S&P/Case-Shiller U.S. National Home Price Index [CSUSHPISA].” Retrieved from FRED, Federal Reserve Bank of St. Louis. 6 December 2021. Accessed 6 December 2021. <https://fred.stlouisfed.org/series/CSUSHPISA>

⁶ Younis, Mohamed. “Inflation Causing Hardship for 45% of U.S. Households.” Gallup. 2 December 2021. Accessed 3 December 2021. <https://news.gallup.com/poll/357731/inflation-causing-hardship-households.aspx>

⁷ Business Wire. “Global Atlantic Retirement Risk Reset Study: Retirement Age Investors Attuned to Low Interest Rates, Inflation.” 14 October 2021. <https://www.businesswire.com/news/home/20211014005715/en/Global-Atlantic-Retirement-Risk-Reset-Study-Retirement-Age-Investors-Attuned-to-Low-Interest-Rates-Inflation>

Keywords:

- Inflation, inflationary and other similarly sounded words
- Interest rates
- Consumer Price Index
- CPI
- Cost of Living Adjustment
- COLA
- Federal Reserve
- Personal Consumption Expenditures
- PCE Index
- Mr. Lawrence Summers, Mr. Larry Summers, and Summers

For any record captured by the preceding search parameters withheld from production, please provide a log articulating a description of the record(s) at issue, the privilege being asserted, the respective custodian(s) of the record(s) being described, and the date each record was created.

By understanding the steps the U.S. Treasury Department took in 2021 to address inflation, Congress will be able to more fully examine what steps need to be taken to address inflation's impact on the American pocketbook. I thank you for your prompt attention to this central issue.

Please direct all correspondence to [REDACTED]@aging.senate.gov by January 7, 2022. As we prepare to turn the calendar to 2022, inflationary concerns will remain at the forefront of American families.

Respectfully,



Senator Tim Scott
Ranking Member