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February 11, 2022

VIA ELECTRONIC TRANSMISSION

The Honorable Gina Marie Raimondo
Secretary, U.S. Department of Commerce
Herbert Clark Hoover Building
1401 Constitution Ave. NW
Washington, D.C. 20230

Dear Secretary Raimondo:

As Ranking Member of the Senate Special Committee on Aging, I am writing to request information on the Department of Commerce's (DOC) evaluation of the Administration's inflationary policies and their impact on household prices. It is clear that inflation has now run much hotter and longer than the Administration expected, but hardworking American families and businesses do not have the ability to simply ignore sharply rising prices for everyday goods and services. DOC's considerations of the underlying inflation driving these trends will shed important light on effective policy responses.

Painfully high prices are a tax on single parents, seniors, and people living paycheck to paycheck. The Bureau of Labor Statistics recently reported a 7.5 percent increase in the prices of consumer goods, the largest increase in 40 years.¹ Over the last year, gas prices rose by 40 percent while the cost of rent, used cars, and food have also surged.² Ordinary Americans devote substantial portions of their income to these goods. They cannot easily respond to high prices by cutting back on daily necessities like driving and utilities. It is regrettably unsurprising that as the U.S. begins another year of soaring inflation, 49 percent of Americans, and two-thirds of those making less than \$40,000 a year, reported financial hardship from rising prices.³ While DOC has pointed to pandemic-related disruptions as the driver of these immense price increases, it has not addressed the Administration's larger contributions to inflation.

Asserting that limited supplies in specific economic sectors fuel inflation, you recently said, "There's no getting around this, there is no other solution."⁴ But by hiking demand so significantly beyond available supply, the Administration's reckless injection into the economy of \$2 trillion in

¹ Bureau of Labor Statistics. U.S. Department of Labor. *Consumer Price Index- January 2022*. 10 February 2022. Press Release USDL-22-0191. Accessed 10 February 2022. <https://www.bls.gov/news release/pdf/cpi.pdf>

² Bureau of Labor Statistics. U.S. Department of Labor. *Consumer Price Index- January 2022*. 10 February 2022. Press Release USDL-22-0191. Accessed 10 February 2022. <https://www.bls.gov/news release/pdf/cpi.pdf>

³ Jones, J.M. "Americans Expect Inflation to Persist Over Next Six Months." Gallup. 26 January 2022. Accessed 8 February 2022. <https://news.gallup.com/poll/389129/americans-expect-inflation-persist-next-six-months.aspx>

⁴ Swanson, A. & Edmondson, C. "Commerce Dept. Survey Uncovers 'Alarming' Chip Shortages." New York Times. 25 January 2022. Accessed 8 February 2022.

new spending has led to price spikes. The Administration received ample warning about the likely inflationary impact of its policies. In February 2021, for example, former Treasury Secretary and economic adviser Lawrence “Larry” Summers cautioned that the proposed American Rescue Plan (ARP) could “set off inflationary pressures of a kind we have not seen in a generation.”⁵ You also recently claimed of inflation, “All over Europe, it’s the same thing.”⁶ Yet as economists like Jason Furman, former Chair of President Obama’s Council of Economic Advisers, have repeatedly pointed out, U.S. inflation has run markedly higher than Europe’s because of the U.S.’s excessive fiscal policy.⁷

Mr. Furman, who has referred to the ARP as the Administration’s “original sin” on inflation, joined other experts like Mr. Summers in cautioning against the package as too large and inappropriately designed.⁸ The Administration failed to heed these warnings and everyday Americans continue to pay the consequences. Given DOC’s role in promoting economic growth, supporting job creation, and facilitating effective trade relations, in addition to other inflation-sensitive responsibilities, there are questions regarding the extent to which it factored the Administration’s inflationary policies, and related warnings, into policy planning. In fact, DOC has been tasked in part with advancing and distributing certain ARP payments, suggesting that it should have considered associated inflationary impacts.

With inflation rising to such critical 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 Department of Commerce’s control, hosted by the following custodians, dating from January 20, 2021 to February 11, 2022.

Custodians:

- Secretary of Commerce, Gina Marie Raimondo
- Deputy Secretary of Commerce, Donet Dominic “Don” Graves, Jr.
- Chief of Staff, Mike Harney

Keywords:

- Inflation, inflationary, and other similarly sounded words
- Interest and interest rates
- Consumer Price Index
- CPI

⁵ Summers, L.H. (2021, February 4). The Biden stimulus is admirably ambitious. But it brings some big risks, too. Washington Post. <https://www.washingtonpost.com/opinions/2021/02/04/larry-summers-biden-covid-stimulus/>

⁶ Bruck, C. “1-on-1 with commerce secretary Gina Raimondo on COVID-19 test kits, inflation”. WCNC. 19 January 2022. Accessed 8 February 2022. <https://www.wcnc.com/article/news/politics/discussion-gina-raimondo-politics-news/275-095442ff-c71a-4f06-98fa-cf35655af9b4>

⁷ Furman, J. 2021, November 10. *But the US and EA magnitudes are *very* different. 2pp at an annual rate for two years is a 4* [Tweet]. Twitter. <https://twitter.com/jasonfurman/status/1458568884873621510>; Furman, J. 2022, January 18. US inflation is also considerably higher than Euro area inflation. Here is a comparison of the two-year change at an [Tweet]. Twitter. <https://twitter.com/jasonfurman/status/1483496443553927174>

⁸ Tankersley, J. “Rising Prices, Once Seen as Temporary, Threaten Biden’s Agenda.” New York Times. 26 October 2021. Accessed 8 February 2022. <https://www.nytimes.com/2021/10/26/business/economy/biden-inflation.html>

- Cost of Living Adjustment
- COLA
- Federal Reserve
- The Fed
- Personal Consumption Expenditures
- PCE and 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.

Please direct all correspondence to [REDACTED]@aging.senate.gov by Friday, March 11, 2022. Inflationary concerns will remain at the forefront of American households. By understanding the steps the agency has been taking to address inflation, Congress will be able to more fully examine what steps need to be taken to address inflation's impact on the family pocketbook. I thank you for your prompt attention to this central issue.

Respectfully,

A handwritten signature in blue ink, appearing to read "Tim Scott", with a stylized flourish at the end.

Senator Tim Scott
Ranking Member