

## United States Senate

January 21, 2022

The Honorable Lael Brainard  
Governor  
Board of Governors of the Federal Reserve System  
20th Street and Constitution Avenue Northwest  
Washington, D.C. 20551

Dear Governor Brainard,

Today, our nation is dealing with multiple historic challenges, including a global pandemic, skyrocketing inflation, supply chain and workforce challenges and a historic rise in federal debt. I appreciate the opportunity we had to meet earlier this year regarding your nomination. As you know, I have strongly disagreed with many of the Federal Reserve's actions and its general approach to many of the greatest economic challenges facing America, which have had disastrous impacts on hardworking families.

Throughout the past year, the Federal Reserve has completely ignored repeated calls from myself and others to shift its strategy and begin aggressively fighting the raging inflation crisis caused by President Biden's agenda of reckless federal spending. As prices have climbed, and inflation has reached a 40-year high, the Federal Reserve has continued its policy of purchasing \$120 billion in Treasury bonds and mortgage-backed securities each month.

The steps taken by the Federal Reserve over the course of the last 12 months have been utterly shocking and beg the question of whether, under your leadership, this critical institution is able to steer America away from the policies that have led us to this moment and into an era of true fiscal strength.

As the Senate considers your nomination, I write to request your prompt response to the following questions:

1. The negative-real interest rate environment created by the Federal Reserve has distorted markets and punished those on fixed incomes for years. Now faced with historic and growing inflation, the Federal Reserve is on the precipice of policy change. If confirmed, how would you rein in inflation without hurting hardworking families?

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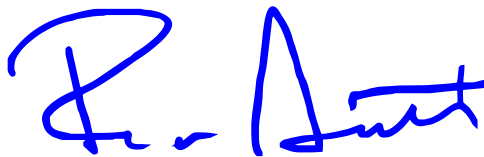
2. Many have argued that the Federal Reserve is significantly behind the curve in addressing the inflation crisis that has plagued our country for nearly a year. Yet, in your most recent economic forecasts, the Federal Open Market Committee's median projection shows inflation falling to 2.3% by the end of the year.<sup>1</sup> Is this a realistic projection given the historically high inflation we're experiencing, ongoing supply chain problems, and the tight labor market we face? How can the Federal Reserve achieve this rate of inflation without throwing our economy into a recession?

3. While ignoring persistent inflationary risks, the Federal Reserve has also radically increased its balance sheet to nearly \$9 trillion, facilitating trillions of dollars in new government spending that has contributed to inflation.<sup>2</sup> In your opinion, how fast and in what manner should the Federal Reserve approach balance sheet normalization? Do you agree the Federal Reserve should sell off its assets, in addition to balance sheet runoff, in order to more quickly right-size its balance sheet? Would you support shrinking the balance sheet in lieu of additional rate increases?

4. There has been a lot of discussion and concern recently about the Federal Reserve's integrity and independence. If confirmed, how would you better protect the integrity and legitimacy of the Federal Reserve as an institution?

Thank you again for your willingness to serve. I look forward to your timely response to my questions.

Sincerely,



Rick Scott  
United States Senator

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<sup>1</sup> Summary of Economic Projections, Federal Open Market Committee (FOMC), December 15, 2021.  
<https://www.federalreserve.gov/monetarypolicy/files/fomcprojt20211215.pdf>

<sup>2</sup> Recent balance sheet trends, Federal Reserve System, January 3, 2022.  
[https://www.federalreserve.gov/monetarypolicy/bst\\_recenttrends.htm](https://www.federalreserve.gov/monetarypolicy/bst_recenttrends.htm)