

United States Senate

October 26, 2021

The Honorable Jerome Powell
Chair
Board of Governors of the Federal Reserve System
20th Street and Constitution Avenue Northwest
Washington, D.C. 20551

Dear Chair Powell,

Since being elected to the United States Senate, you and I have engaged in numerous discussions about the policies and appropriate role of the Federal Reserve in our economy. Today, our nation is dealing with multiple historic challenges, including a global pandemic, skyrocketing inflation, supply chain and workforce challenges and a rise in federal debt to historic levels. 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 our nation.

On several occasions, I have expressed to you significant concern about the Federal Reserve's rising balance sheet, which currently sits at \$8.5 trillion, a level never before seen in the history of the Federal Reserve.¹ I have also expressed my serious concern about the Federal Reserve's increasing role in financing and purchasing federal debt. For example, in May, the Federal Reserve owned 23% of U.S. Federal Debt held by the Public, which is nearly double the share it held a year prior.² I have also repeatedly written to you about troubling inflation trends, only to be reassured again and again that this was fleeting, "transitory" inflation. Of course, it is now exceedingly clear that is not the case. Today, American families are faced with rising prices and inflation not seen in 30 years – this is surely not 'price stability.'

While the Federal Reserve is supposed to act as an independent body, over the past year it has done more to enable the reckless policies of the Biden administration than actually serve the best interests of the American people. I cannot stand idly by as the Federal Reserve continues its current path of foolishly ignoring rising inflation that is hurting American families. Further, I am gravely concerned by the Federal Reserve's inaction in winding down its unprecedented market intervention and increased purchase of federal government debt as well as the increased politicization of the Federal Reserve itself that has occurred under your watch.

¹ https://www.federalreserve.gov/monetarypolicy/bst_recenttrends.htm

² U.S. Treasury and Federal Reserve data.

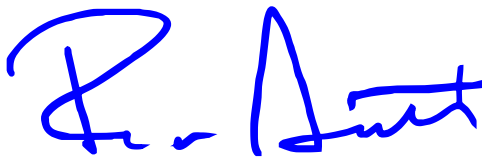
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The federal government has an obligation to spend taxpayer dollars wisely and in the best interest of American families. Similarly, the Federal Reserve has an obligation to remain independent and do what is in the best interest of American families, not elected officials.

I have been warning my colleagues, members of the Federal Reserve and others about the dangers associated with America's rising and unsustainable debt. I have also warned about the dangers of rising inflation, the continued significant asset purchases by the Federal Reserve and the rising level of debt financing by the Federal Reserve. I have also called on the Federal Reserve to further unwind and finally end historic market interventions that it has taken in recent years. These warnings have gone unheeded under your leadership.

Without a significant and demonstrable change in course, I will not be able to support your continued service as Chair of the Board of Governors of the Federal Reserve System beyond your current term ending February 2022. American families cannot continue down this dangerous path of rising inflation, broken supply chains, and continued workforce challenges. I believe the Federal Reserve needs leadership that will return it to an independent institution and remain true to its strict Congressional mandate of maximum employment and price stability.

Sincerely,

A handwritten signature in blue ink, appearing to read "Rick Scott". The signature is stylized with a large initial "R" and a long, sweeping underline.

Rick Scott
United States Senator