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August 5, 2021

The Honorable Jerome Powell  
Chairman  
Board of Governors of the Federal Reserve System  
20th Street and Constitution Avenue Northwest  
Washington, DC 20551

Dear Chairman Powell:

The Federal Reserve's (Fed) actions in response to the abrupt economic downturn in the spring of 2020 were instrumental to our nation's ability to prevent a long term economic crisis as a result of the COVID-19 pandemic. The Fed's actions, coupled with the CARES Act legislation passed in March 2020, provided swift and critical assistance to American workers, families, and businesses who were forced to halt their normal way of life. Combined with the subsequent relief packages enacted by Congress last year, these actions represented a unique and unprecedented response of monetary and fiscal stimulus, which allowed the deep COVID-19 recession to be the shortest in U.S. history according to the National Bureau of Economic Research. These critical steps led to a strong economic recovery enhanced by the availability and effectiveness of vaccines and passage of the \$1.9 trillion American Rescue Plan (ARP) in March 2021.

With the recession over and our strong economic recovery well underway, I am increasingly alarmed that the Fed continues to inject record amounts of stimulus into our economy by continuing an emergency level of quantitative easing (QE) with asset purchases of \$120 billion per month of Treasury securities and mortgage backed securities. The Fed has sustained \$120 billion per month in asset purchases since June 2020, despite increasing vaccination rates to combat the virus and additional fiscal stimulus from Congress in the ARP. The record amount of stimulus in the economy has led to the most inflation momentum in 30 years, and our economy has not even fully reopened yet. I am deeply concerned that the continuing stimulus put forth by the Fed, and proposal for additional fiscal stimulus, will lead to our economy overheating and to unavoidable inflation taxes that hard working Americans cannot afford.

Simply put, our monetary and fiscal stimulus response met the moment of crisis when our economy suffered the medical equivalent of a heart attack. But, now it's time to ensure we don't over prescribe the patient by further stimulating an already strong recovery and therefore risk our ability to respond to future crises we are sure to face. I urge you and the other members of the Federal Open Market Committee to immediately reassess our nation's stance of monetary policy and begin to taper your emergency stimulus response. While I appreciate your commitment to maximum employment and stable prices, it is imperative we begin to understand that long term policy responses tailored for an economic depression, like the Great Depression and Great Recession of 2008, may not be what is required for today's economy and could result in higher than desired inflation if not removed in time.

I look forward to hearing from you on these important issues.

Sincerely,



Joe Manchin III  
United State Senator