

March 25, 2025

The Honorable Howard Lutnick
Secretary of Commerce
U.S. Department of Commerce
1401 Constitution Ave. NW
Washington, DC 20230

Dear Secretary Lutnick,

I write regarding new information released last week by the Federal Reserve Board (FRB) indicating that President Donald Trump's chaotic approach to economic policy and tariffs is stalling progress on inflation by giving big corporations a new set of excuses to price-gouge American consumers.

Tariffs can be a strategic tool to grow American industry and good manufacturing jobs, but President Trump's across-the-board tariffs have been chaotic, not strategic. You have been tasked with announcing plans for additional tariffs on April 2,¹ and I urge you to explain how you will prevent companies from using tariffs as cover to hike prices as Chair Powell has just warned.

On Wednesday of last week, FRB Chairman Jerome Powell announced that the Federal Reserve System is holding interest rates at the current level, reflecting the FRB's belief that progress on reducing inflation has stalled.² The Federal Open Market Committee (FOMC) now expects 2.8 percent core personal consumption expenditures (PCE) inflation in 2025, compared to its December projection of 2.5 percent.³ Chairman Powell noted that "a good part of [the higher inflation forecast] is coming from tariffs."⁴ The reversal of progress on inflation is troubling, particularly in the context of Chair Powell's comments about the potential for companies to use tariffs as an excuse to hike prices on goods not subject to tariffs:

¹ NBC News, "Trump's tariff 'Liberation Day' is a little over a week away, but the details are still a mystery," Rob Wile, March 24, 2025, <https://www.nbcnews.com/business/economy/trump-tariffs-april-2-liberation-day-what-to-expect-rcna197822>.

² Business Insider, "Powell warns inflation is sticking around thanks to Trump's tariffs," Ayelet Sheffley, March 19, 2025, <https://www.businessinsider.com/powell-trump-tariffs-adding-to-inflation-interest-rates-trade-policy-2025-3>.

³ U.S. Bank, "Federal Reserve calibrates policy to keep inflation in check," March 20, 2025, <https://www.usbank.com/investing/financial-perspectives/market-news/federal-reserve-tapering-asset-purchases.html>.

⁴ Federal Reserve Board, "Transcript of Chair Powell's Press Conference," March 19, 2025, p. 5, <https://www.federalreserve.gov/mediacenter/files/FOMCpresconf20250319.pdf>.

A great example is washing machines [that] were tariffed in the last round of tariffs, and prices went up, but prices also went up on dryers, which were not tariffed. So, the manufacturers ... just kind of followed the crowd and raised it.⁵

Even before the election, big corporations threatened that tariffs would lead them to preemptively raise prices. The CEO of AutoZone flat out said: “We’ll generally raise prices ahead of [tariffs]—we know what the tariffs will be—we generally raise prices ahead of that.”⁶ At an earnings call in mid-March, MasterBrand CFO said they “anticipate that wide-ranging price increases will be needed across our various products.”⁷

I am deeply concerned that President Trump is now enabling this corporate greed, allowing companies to increase prices across the board, regardless of whether goods are actually subject to tariffs. I have repeatedly called on him to protect consumers from corporate price-gouging associated with tariffs.⁸ He has taken no action to do so. Instead, he has made matters worse, simultaneously threatening to implement, implementing, and backing off of threats to implement his tariffs, disincentivizing the investments in American manufacturing that the tariffs are supposed to accelerate,⁹ while creating widespread confusion and uncertainty that may give big corporations cover to increase their prices on all goods.

We should use tariffs to support American manufacturing, strengthen onshore critical supply chains, and create good-paying jobs here at home. Instead, we are seeing executives pull back on investment and threaten to impose new and unjustified price increases on consumers. And the Trump Administration still has no plan to prevent companies from using his tariffs to hike prices even further—even as he plans to release another slate of reciprocal tariffs on April 2.

To address my concerns about this matter, I ask that you provide answers to the following questions no later than April 8, 2025.

1. Do you agree with Chair Powell that price increases may include companies choosing to pass on the cost of tariffs and even going beyond that—that “manufacturers ... follow[] the crowd” when it comes to price increases?
2. How has the U.S. Department of Commerce (the Department) analyzed the impact, to date, that President Trump’s tariffs and tariff threats have had on prices and whether they are allowing corporations to pass unjustified price increases on to consumers?

⁵ Federal Reserve Board, “Transcript of Chair Powell’s Press Conference,” March 19, 2025, p. 10, <https://www.federalreserve.gov/mediacenter/files/FOMCpresconf20250319.pdf>.

⁶ Washington Post, “Companies ready price hikes to offset Trump’s global tariff plans,” David Lynch, October 30, 2024, <https://www.washingtonpost.com/business/2024/10/30/companies-tariffs-trump-prices>.


⁷ MasterBrand, Inc., Q4 2024 Earnings Call, February 2, 2025, https://s201.q4cdn.com/943623151/files/doc_financials/2024/q4/MasterBrand-Inc- Earnings-Call 2025-02-18_English.pdf.

⁸ Tweet by Senator Elizabeth Warren, March 19, 2025, <https://x.com/SenWarren/status/1902452052426408390>.

⁹ New York Times, “Trump’s Tariffs Have Sown Uncertainty. That Might Be the Point,” Alan Rappeport, March 19, 2025, <https://www.nytimes.com/2025/03/19/business/trump-tariffs-economy.html>.

3. Specifically, has the Department analyzed whether price increases have been limited to products subject to increased tariffs?
4. Has the Department investigated any specific company's increase in prices?
5. What specific actions has the President taken with regard to tariffs that would limit companies' ability to pass on the costs of tariffs or impose other broad price increases, onto consumers?
6. What additional tools does the Administration have to limit companies' ability to pass on the costs of tariffs or impose other broad price increases, onto consumers?

Sincerely,



Elizabeth Warren
United States Senator