

Congress of the United States

Washington, DC 20515

February 27, 2020

Tomas J. Philipson
Acting Chairman
Council of Economic Advisors
1650 Pennsylvania Ave NW,
Washington, DC 20502

Jerome Powell
Chairman
Federal Reserve Board of Governors
20th St. and Constitution Ave. N.W.,
Washington, DC 20551

Steven Mnuchin
Secretary
U.S. Department of Treasury
1500 Pennsylvania Avenue, NW
Washington, D.C. 20220

Dear Chairman Philipson, Chairman Powell and Secretary Mnuchin:

We write to express our deep concern regarding the federal response to the coronavirus, its possible impact on the stability of financial markets, and the overall economy. We request that the Council, in coordination with the Federal Reserve and Department of Treasury, provide an assessment of the current impact of the virus on the domestic economy and international financial stability. We further request a forecast of how the global and domestic economy would be impacted in the event of a protracted crisis if, for instance, a pandemic were declared by the World Health Organization, as well as all efforts the Administration has underway to safeguard the U.S. economy from the contagion. We look forward to a response by March 13.

As of Tuesday, February 25, equity and bond markets continued to sink in the wake of what appeared to be an unsatisfactory U.S. response to the crisis. This week the U.S. capital market have seen unprecedented volatility, seemingly due to fears of the coronavirus. In addition, the 10-year treasury yield plummeted to a record-low, the Dow Jones Industrial Average dropped by over 800 points (over two percent) adding to a 1,000 point drop from Monday, representing the first time in the market's history that it lost 800 or more points on two consecutive days. The Nasdaq Composite declined by over two percent, as did the S&P 500, for two-day losses of over 6 percent.¹

In addition, press reports indicate that new disease clusters in Italy, Iran and South Korea over the weekend stoked investor fears that the virus could "pose a more serious and sustained threat to global growth."² These fears were exacerbated in the wake of an announcement by the Administration that they would request \$1.25 billion in emergency funding,³ which is \$4.95 billion less than the amount requested for the Ebola crisis.⁴ The devastating speed with which

¹ <https://www.cnbc.com/2020/02/24/stock-futures-are-flat-in-overnight-trading-following-the-dows-1000-point-rout.html>

² <https://www.washingtonpost.com/news/powerpost/paloma/the-finance-202/2020/02/25/the-finance-202-president-trump-fixates-on-stock-market-as-coronavirus-spreads/5e54492c88e0fa632ba82a7d/>

³ <https://www.nytimes.com/2020/02/24/us/politics/trump-coronavirus-response.html>

⁴ <https://thehill.com/policy/healthcare/226605-ebola-funding-in-cromnibus-falls-just-short-of-obama-request>

this virus is moving through the world has already outpaced that of the 2014-2016 Ebola outbreak, killing nearly 3,000 worldwide.⁵

According to the Centers for Disease Control and Prevention, the coronavirus will likely begin spreading in communities in the United States, and Americans should begin preparing themselves. The director of the National Center for Immunization and Respiratory Diseases said, "it's not so much of a question of if this will happen anymore but rather more of a question of exactly when this will happen."⁶ Given the imminent nature and uncertainty of this threat sweeping through the U.S., it appears likely that the costs associated with this outbreak will reverberate throughout our economy, and every effort should be undertaken to insulate our citizens and their savings.

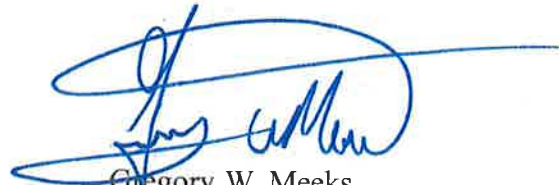
Consistent with the Employment Act of 1946, which authorized the Council of Economic Advisors, we are interested in timely and authoritative information concerning this economic development and the prospective ramifications of this virus. We look forward to the Council, in coordination with the Department of Treasury and Federal Reserve, providing an analysis of the current impact of the virus on the domestic economy and international financial stability. We know a forecast of how the U.S. economy would be impacted in the event of a protracted crisis, analysis of markets and geographies expected to be hardest hit, as well as all efforts the administration has underway to safeguard the U.S. economy from the virus will be critical in informing our understating. If there are any recommendations to supplement the recent emergency budgetary request to better address the scope of this crisis, we would welcome your insight by March 13.

Thank you for your attention to this critical matter.


Sincerely,



Emanuel Cleaver, II
Member of Congress



Gregory W. Meeks
Member of Congress



Al Green
Member of Congress



Wm. Lacy Clay
Member of Congress

CC: Office of Vice President of the United States, Michael R. Pence

⁵ <https://www.cdc.gov/vhf/ebola/history/2014-2016-outbreak/index.html>;
<https://www.nbcnews.com/news/world/coronavirus-updates-pandemic-risk-grows-if-countries-don-t-cooperate-n1142301>

⁶ <https://www.nytimes.com/2020/02/25/health/coronavirus-us.html>