

ECONOMIC UPDATE

February 25, 2022

Economic Issue in Focus: How the Russian Invasion of Ukraine Is Impacting Gas Prices, and What Congress Can Do About It

The threat of a Russia-Ukraine conflict was one of the major reasons global oil prices were already elevated and the Russian invasion of Ukraine has further pushed up prices at the pump. Higher oil prices will continue to filter through to higher driving and heating costs for Americans.

Russia is a leading oil producer and the invasion threatens Russia's oil production and transport through pipelines in Russia and Ukraine, impacting global energy supplies. The U.S. Strategic Petroleum Reserve and the ability to increase oil production will help maintain domestic supply levels. However, higher prices are likely over the coming months. The Biden administration is working both domestically and with allies overseas to provide stability to world oil markets. In addition, the administration is already monitoring oil and gasoline markets to ensure that corporations do not exploit this crisis to pad profits at the expense of working families.

President Biden and Democrats in Congress are using every tool at their disposal to lower costs for U.S. workers and families, but this conflict and the energy supply chains it threatens to disrupt underscore the risks of fossil fuel interdependency. Whether driven by geopolitical events, as is the case right now, or the increasing effects of [climate change](#), energy price volatility is an inescapable effect of fossil fuel use, especially in oil markets. To insulate U.S. consumers from the risks of global energy price increases and achieve true energy independence, the United States must invest in transitioning to cheap, clean energy delivered over a secure, modernized power grid.

Key Economic Indicators to Track

- **The U.S. Economy Grew at the Fastest Pace Since 1984, Revised GDP Data Show:** The Bureau of Economic Analysis [revised](#) upward its estimate for real gross domestic product to an annual rate of 7% (up from 6.9%) in the fourth quarter of 2021. GDP growth in 2021 was 5.7%, the fastest pace since 1984. This rapid growth underscores the strength of the economic recovery and demonstrates the success of the American Rescue Plan, the Biden administration's continued vaccine campaign and measures aimed at easing supply chain bottlenecks. Real GDP is now 3.2% larger than in the 4th quarter of 2019 – the last full quarter before the pandemic.
- **Unemployment Insurance Claims Remain Near Pre-Pandemic Lows:** The latest [data](#) released by the Department of Labor show that after falling to a 50-year low in December 2021, new

unemployment claims fell to 232,000 for the week ending February 19, down from 249,000 the previous week. The four-week moving average (which smooths week-to-week volatility in the data) is now at 236,250, down by 72% since President Biden took office. These data use updated seasonal adjustments that, among other things, account for the effect of the pandemic.

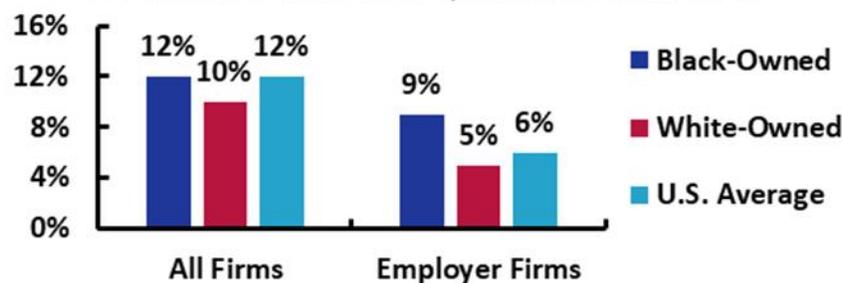
- **Inflation Growth Held Steady in January, Personal Consumption Expenditures (PCE) Data Show:** Core PCE (the Fed’s preferred measure of inflation) held steady, rising [0.5% in January](#). While the monthly pace has remained steady since November, core PCE is up by 5.2% from one year ago. Elevated inflation reflects unprecedented supply and demand shocks from the pandemic, combined with disinvestment in infrastructure and domestic manufacturing, and indicates that the economy is still recovering from the severe economic crisis triggered by the pandemic. As these effects abate, inflation is expected to return to the Federal Reserve’s long-term goal of 2%.

JEC Spotlight: Growth in Black-Owned Businesses Helps Drive U.S. Economic Dynamism

A new [issue brief](#) released by the JEC and the Congressional Black Caucus details how the strength of the U.S. economy is linked to the opportunities available to entrepreneurs and small businesses, yet [pervasive racial gaps](#) in business ownership, opportunity and wealth directly harm Black families and communities and limit overall U.S. economic potential. There are more than 3 million Black-owned businesses that contribute over \$200 billion to the American economy annually, making up 1 in 10 of the total number of employer and non-employer firms in the United States. Black-owned businesses are also among the fastest growing, and between 2012 and 2017, the number of Black-owned businesses grew at a faster pace than the number of white-owned businesses (see figure below). Much of this growth was driven by Black-owned employer firms, which have grown at a pace nearly twice as fast as their white-owned counterparts and faster than the national average.

Black-Owned Businesses Grew at a Faster Rate Than White-Owned Businesses

Growth rate of businesses by race from 2012 to 2017



Source: Stanford Graduate School of Business, U.S. Census Bureau

Note: All firms includes both employer and non-employer firms.

Black and white populations are non-Hispanic.

Despite the importance of Black-owned businesses to the U.S. economy, Black entrepreneurs continue to face long-standing barriers to financing, which limit entrepreneurship and business formation. Although Black Americans represent more than 13% of the U.S. population, only about 10% of all businesses in the United States are Black-owned. Black businesses are generally less likely to have their financing needs met

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than white-owned businesses, and among businesses with good credit scores, Black-owned firms are half as likely as white-owned firms to receive all of the financing they apply for. Pre-existing disparities also made Black businesses much more vulnerable to the adverse effects of the pandemic, particularly as Black businessowners faced barriers to accessing emergency pandemic relief: More than two-thirds of small employer firms owned by Black Americans reported having to reduce their operations due to the pandemic, relative to about half of white-owned businesses.

Selected JEC Resources

- [*Hispanic Entrepreneurs and Businesses Are Helping to Drive the Economy's Entrepreneurial Growth and Job Creation*](#)
- [*Inaction on climate change will have devastating consequences for the economy, families, and communities*](#)
- [*The U.S. Economy Experienced a Record Rebound During President Biden's First Year in Office*](#)
- [*Decades of Manufacturing Decline and Outsourcing Left U.S. Supply Chains Vulnerable to Disruption*](#)
- [*The U.S. Added Manufacturing Jobs Across the Country in 2021*](#)

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