

## ECONOMIC UPDATE

March 11, 2022

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### Economic Issue in Focus: Higher Prices, Exacerbated by Putin’s Invasion of Ukraine, Are Straining Household Budgets and Depriving Workers of the Full Benefits of the Strong Economy

CPI inflation in February is up by 0.8%, and it is up by 7.9% over the last 12 months. Higher prices are straining household budgets and depriving American workers and families of the full benefits of a strong economy and the largest wage gains experienced in years. Although broader inflation had begun to moderate, Russia’s buildup at the Ukrainian border and the unprovoked invasion drove up food and energy prices, reversing overall progress.

Putin’s invasion of Ukraine and unprecedented supply chain disruptions from the pandemic have led to higher inflation around the world. Higher gasoline prices made up nearly one third of February’s increase, exacerbated by President Putin’s war on Ukraine. This report does not reflect any effects from banning the import of Russian oil and energy products to the United States—as the House did on Wednesday in a bipartisan vote—which holds Russia accountable and ensures American dollars do not fund Putin’s war.

Putin’s price hikes make clear the need for energy independence, as energy price volatility is an inescapable effect of fossil fuel dependence. Investments in clean energy are essential to insulate U.S. consumers from energy price-driven inflation.

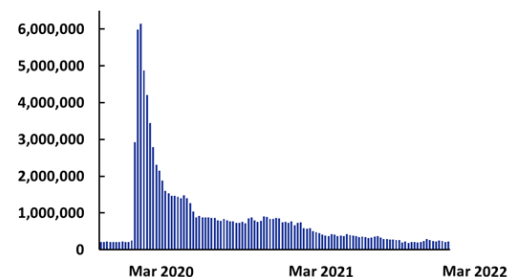
To address the root causes of inflation, the most effective tools at Congress’ disposal are investments to lower household costs for families and to boost productivity. Investing in children and families, workers and small businesses—like the Building a Better America agenda—would lower household costs and promote stronger and more broadly shared growth.

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### Key Economic Indicators to Track

- **Initial 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 rose by 11,000 to 227,000 for the week ending March 5. The four-week moving average (which smooths week-to-week volatility in the data) is now at 231,250, down by 73% since President Biden took office. These data use updated seasonal adjustments

**Weekly Initial Unemployment Insurance Claims Down by 73% Since President Biden Took Office**  
Regular state claims, Jan 2020 to Mar 2022



Source: Department of Labor  
Note: Data are seasonally adjusted.

that, among other things, account for the effect of the pandemic.

- **Job Openings and Labor Turnover Survey (JOLTS) Data Indicate the U.S. Labor Market Remains Strong:** [Data](#) released by the Bureau of Labor Statistics (BLS) provide more evidence of a tight labor market. The quits rate—the rate of employees voluntarily leaving their jobs—changed little at 2.8% in January, which is close to the series high of 3%. This shows that workers remain confident enough to leave their jobs for better paying and higher-quality opportunities, particularly in sectors like manufacturing and leisure and hospitality, where there is high demand for workers. This week’s BLS data also showed that the number of job openings changed little and is currently at 11.3 million, which indicates that along with the high quits rate demand for workers remains elevated.

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## **JEC Spotlight: One Year After the American Rescue Plan Became Law, The Economy Is Growing**

President Biden signed the American Rescue Plan into law on March 11, 2021, putting the United States on a path to a record-breaking economic recovery. One year out, American workers and families are continuing to benefit from the strength of the broad-based recovery. President Biden has overseen the creation of 7.4 million jobs and unemployment dropping to 3.8%. During his [first year](#) in office, the economy grew 5.7%, the fastest pace of growth in nearly 40 years and outpacing the recovery of all other G7 countries. President Biden’s economic record has continued the trend of [strong economic growth](#) under Democratic presidents.

The Rescue Plan significantly increased the Child Tax Credit (CTC) and authorized advance payments, which ensured families received up to half their credit in monthly payments to help cover costs in real time. The legislation increased the value of the CTC from \$2,000 per child to up to \$3,600 per child under age 6 and \$3,000 per child between ages 6 and 17. It had a [dramatic impact](#) on child poverty and family finances: Data show it kept 3.7 million children out of poverty, reducing childhood poverty by [almost 30%](#), and that families used it to help pay for household expenses like food, rent, utilities and child care. The JEC released [state-by-state](#) fact sheets on the impact of six months of the advance CTC, which include estimates of the number of qualifying children, households and total payments for each congressional district.

The American Rescue Plan also reduced health insurance costs for millions of American families by expanding premium tax credits for marketplace health insurance. The JEC [estimated](#) the number of people in each congressional district who would benefit from making these expanded premium tax credits permanent.

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## **Selected JEC Resources**

- [\*Building an Economy that Embraces and Empowers Black Entrepreneurship\*](#)
- [\*Hispanic Entrepreneurs and Businesses Are Helping to Drive the Economy’s Entrepreneurial Growth and Job Creation\*](#)
- [\*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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