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GDP REBOUNDS, BUT GAINS NOT GOING TO WORKERS

Washington, D.C. – The economy grew at a 4.8 percent annual rate in the first quarter of this year, according to advance estimates released today by the Department of Commerce. The pick-up in gross domestic product (GDP) was widely expected and the acceleration is expected to be temporary. In a separate release, the Bureau of Labor Statistics reported that the employment cost index (ECI), an important measure of compensation paid to workers, failed to keep up with inflation in the first quarter.

"GDP is growing, but real wages are not," said **Sen. Jack Reed** (D-RI), Ranking Democrat on the **Joint Economic Committee (JEC)**. "This growth is showing up in the bottom lines of companies, but not in the paychecks of workers. Family budgets are being stretched thinner in the face of stagnant incomes and rising gas prices. We can't be satisfied until economic growth provides widespread benefits to American families."

First quarter GDP was widely expected to rebound from the tepid 1.7 percent annual growth rate in the fourth quarter of last year, after being temporarily subdued by the Gulf Coast hurricanes and other special factors. The acceleration of growth in the first quarter is likewise expected to be temporary. In his testimony before the JEC yesterday, Fed Chairman Bernanke stated: "it seems reasonable to expect that economic growth will moderate toward a more sustainable pace as the year progresses."

The employment cost index for civilian workers increased 0.6 percent from December to March, while the consumer price index rose 1.1 percent. For the 12 months ending in March, the ECI fell 0.7 percent after adjusting for inflation.

The Joint Economic Committee, established under the Employment Act of 1946, was created by Congress to review economic conditions and to analyze the effectiveness of economic policy.

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