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RANKING DEMOCRAT

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REP. LORETTA SANCHEZ (CA)
REP. ELIJAH E. CUMMINGS (MD)

Congress of the United States
Joint Economic Committee
Democrats

109TH
CONGRESS

804 HART SENATE OFFICE
BUILDING
WASHINGTON, DC 20510-6602
202-224-0372
FAX 202-224-5568
www.jec.senate.gov/democrats

CHAD STONE
STAFF DIRECTOR

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Contact: Nan Gibson
office: 202-224-0377
cell: 202-320-4545

**ECONOMY SLOWS SHARPLY IN THE SECOND QUARTER WHILE
INFLATION CONTINUES TO ERODE WORKERS' PAY**

Washington, D.C. – The economy grew at a 2.5 percent annual rate in the second quarter of this year according to advance estimates released today by the Department of Commerce. In a separate release, the Bureau of Labor Statistics reported that the employment cost index (ECI), an important measure of compensation paid to workers, rose 0.9 percent over the past three months but continued to lag behind increases in living costs.

“As economic growth slows, American workers have a right to wonder whether they have already missed out on the gains in this recovery” said **Sen. Jack Reed** (D-RI), Ranking Democrat on the **Joint Economic Committee (JEC)**. “Productivity and economic growth so far in the recovery have not translated into higher real wages for workers who have to deal with soaring energy prices, rising health insurance costs, and the increasing expenses of sending their kids to college. If the economy slows too much, their jobs will be at risk as well.”

Second-quarter GDP was widely expected to slow from the high 5.6 percent annual growth in the first quarter of this year as the economy rebounded from the Gulf Coast hurricanes and other special factors late last year. However, the 2.5 percent rate for the second quarter was even less than forecasters and financial markets were expecting. Most economists, including Fed Chairman Bernanke, believe that growth of 3 to 3½ percent is sustainable without generating inflationary pressures.

The ECI for civilian workers, which combines wages and benefits, increased 0.9 percent from March to June, while the consumer price index rose 1.3 percent. For the 12 months ending in March, the ECI fell by 1.3 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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