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**FIRST QUARTER GROWTH SPURT REVISED UPWARD;
PROFITS SOAR, BUT WAGES LAG BEHIND**

Washington, D.C. – The economy grew at a 5.3 percent annual rate in the first quarter of this year, according to data released today by the Department of Commerce. That “preliminary” estimate is half a percentage point higher than the “advance” estimate of first quarter growth released last month. The pick-up in gross domestic product (GDP) was widely expected and the acceleration is expected to be temporary.

“Economic growth in the first quarter was even stronger than we first thought, but ordinary Americans are still waiting to share in the benefits from a growing economy in recent years,” said **Sen. Jack Reed** (D-RI), Ranking Democrat on the **Joint Economic Committee (JEC)**. “Workers are struggling to keep up with rising living costs, while their employers are reaping record profits. We shouldn’t be satisfied until the economy is generating widespread benefits for American families.”

Growth in real (inflation-adjusted) GDP spiked in the first quarter, rebounding from an anemic 1.7 percent annual growth rate in the fourth quarter of last year. Economic growth is expected to moderate considerably over the rest of 2006.

New data on inventory building and exports contributed to the upward revision to first quarter growth. Despite modest narrowing in the last month or two, the trade deficit remains near historically record levels.

Corporate profits continued to increase rapidly in the first quarter, rising to a level 23.8 percent higher than a year earlier. Since the first quarter of 2001, the corporate profits share of national income has risen by 5.2 percentage points. Wages, in contrast, continued to grow more slowly than national income. Wages are the smallest share of national income they have been in the post-World War II period.

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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