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For Immediate Release
January 27, 2006

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ECONOMY LOSES STEAM IN 4TH QUARTER OF 2005

Washington, D.C. – The Commerce Department reported today that economic growth slowed sharply in the fourth-quarter of 2005, with the nation's production of goods and services rising at an annual rate of just 1.1 percent – the slowest pace in three years and well below the 4.1 percent gain posted in the third quarter. Forecasters had been expecting some slowing, but growth was much slower than even the more pessimistic predictions.

"Economic growth at the end of last year was certainly disappointing," said **Sen. Jack Reed** (D-RI), Ranking Democrat on the **Joint Economic Committee (JEC)**. "We're not starting this year with 'a full head of steam' as the President has said. My concern is that continued slower growth would likely hold down wage growth and make employers more cautious about adding jobs, which would be more bad news for American workers. This clearly undercuts the President's case that his economic policies are working and puts him in an awkward position on the eve of his State of the Union address."

The slowing in the rate of growth of real (inflation-adjusted) gross domestic product (GDP) in the fourth quarter reflected a slowing in the growth of household spending and purchases by the federal government, as well as a pickup in imported goods and services, according to data released by the Commerce Department's Bureau of Economic Analysis. Over the four quarters of 2005, real GDP grew 3.1 percent, compared with growth of 3.8 percent during 2004.

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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