

# Wages up with economy growth

# Cloned cows' cells show no discrepancies in age

By Jeannine Aversa  
ASSOCIATED PRESS WRITER

WASHINGTON, D.C. — The U.S. economy grew robustly in the first three months of this year as workers enjoyed the biggest jump in wages and benefits in 10 years. But that sparked fresh inflation worries among economists and investors.

The country's total output of goods and services, called the gross domestic product, rose at an annual rate of 5.4 percent during the January-March quarter, the Commerce Department said yesterday. Consumer spending, the locomotive of the speeding economy, led the way by posting its largest increase in nearly 17 years.

At the same time, an inflation gauge tied to the GDP rose sharply, reflecting higher energy prices. But what really sent shivers through economists was a spike in workers' pay and benefits.

They shot up 1.4 percent in the first quarter, the biggest advance in 10 years, the Labor Department said.

Benefits, such as higher health care premiums and bonuses, accounted for much of the gain. For the year ending March 31, workers' wages and benefits rose 4.3 per-

cent, the biggest increase in eight years.

That's good for workers, but economists, including Federal Reserve Chairman Alan Greenspan, worry that if companies pass on these rising costs to buyers of their products, higher inflation could be triggered.

"Hold on to your hats as Mr. Greenspan's nightmare is beginning to come true. For a long time now, the Fed chairman has been warning ... that the tight labor markets would ultimately cause labor compensation to surge. Well, as usual, he was right," said economist Joel Naroff of Naroff Economic Advisors. Amid these worries, some economists said the Fed may boost interest rates by a more aggressive half-point on May 16. All five of the Fed's rate increases since June 30 have been by a quarter-point.

"Instead of jabs, the Fed may have to go with a sharp uppercut," said Oscar Gonzalez, economist with John Hancock.

On Wall Street, stocks initially plunged after the reports' release. But a technology stock rally helped blue chips shake off fears of higher interest rates raised by the reports. The Dow Jones industrial average had fallen as much as 197 points earlier in the session but recovered to end the day with a smaller loss of 57.40 points to close at 10,888.10. The

tech-heavy Nasdaq finished up 143.94 points at 3,774.03. Bond prices fell as yields on 30-year Treasuries rose to 5.98 percent from 5.94 percent late Wednesday.

The Fed's rate increases are designed to raise borrowing costs for big-ticket items such as homes and cars and in that way cool off demand and keep inflation from getting out of hand.

An inflation gauge tied to the GDP that is closely watched by Greenspan rose at an annual rate of 3.2 percent in the first quarter, the largest increase since the third quarter of 1994, and up from a 2.5 percent rate in the fourth quarter. The pickup reflected surging energy prices.

First-quarter economic growth, while slightly weaker than expected, was still faster than the rate of 3.5 percent to 4 percent that the Fed regards as the pace that can be sustained without sparking inflation.

In the last three months of 1999, the economy grew at a sizzling 7.3 percent rate, the strongest showing in nearly 16 years. The record-breaking economy, in its longest-ever streak of uninterrupted growth, continues to be powered by consumer spending, which accounts for two-thirds of all economic activity.

■ A new study revealed the cells of six cloned cows show none of the premature aging reported from Dolly the sheep, the first cloned animal.

By Lauran Neergaard  
ASSOCIATED PRESS WRITER

WASHINGTON, D.C. — Massachusetts scientists have cloned six cows that show none of the worrisome premature aging reported for Dolly the sheep.

In fact, the cows' cells seem to have a surprisingly prolonged youth, a new study shows.

The finding is important because it could erase doubts about trying to use cloned cells to fight diseases, doubts raised when scientists discovered Dolly's cells appeared older than she was.

But the cloned cows — the oldest turned

a year old this week, while the others are 7 months old — have cells that appear as young as the cells of newborn calves, researchers with the biotechnology company Advanced Cell Technologies report in Friday's edition of the journal *Science*.

Unlike Dolly, the cows were cloned from cells nearing the end of their lifespan. If even very old cells can have their "aging clock" essentially rewound, then scientists might one day be able to clone customized replacement tissues for patients suffering diabetes, Parkinson's or other diseases, say experts on cellular aging.

Does it also mean the cloned cows could live longer than normal?

Maybe, says Advanced Cell Technologies' chief scientist, Dr. Robert Lanza. "There's a chance these could be the longest-lived cows on the planet."

But no one will know that for years, cautioned Thoru Pederson, a cellular biologist at the University of Massachusetts Medical School.

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M-72-726