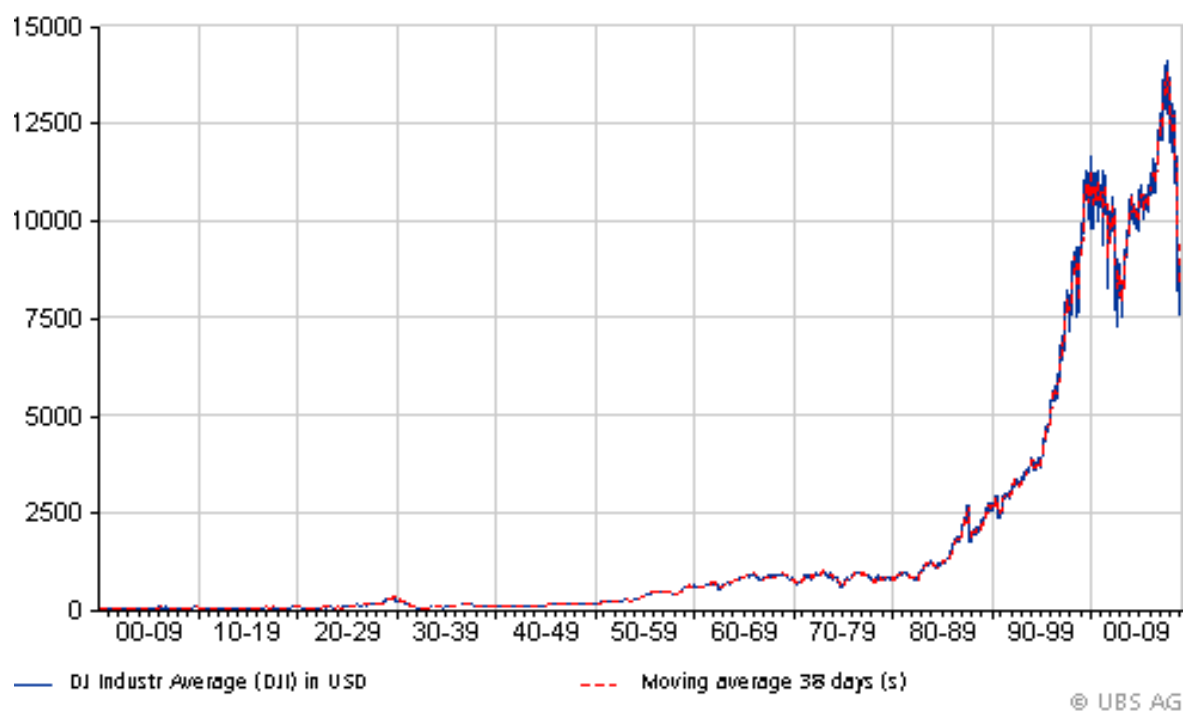


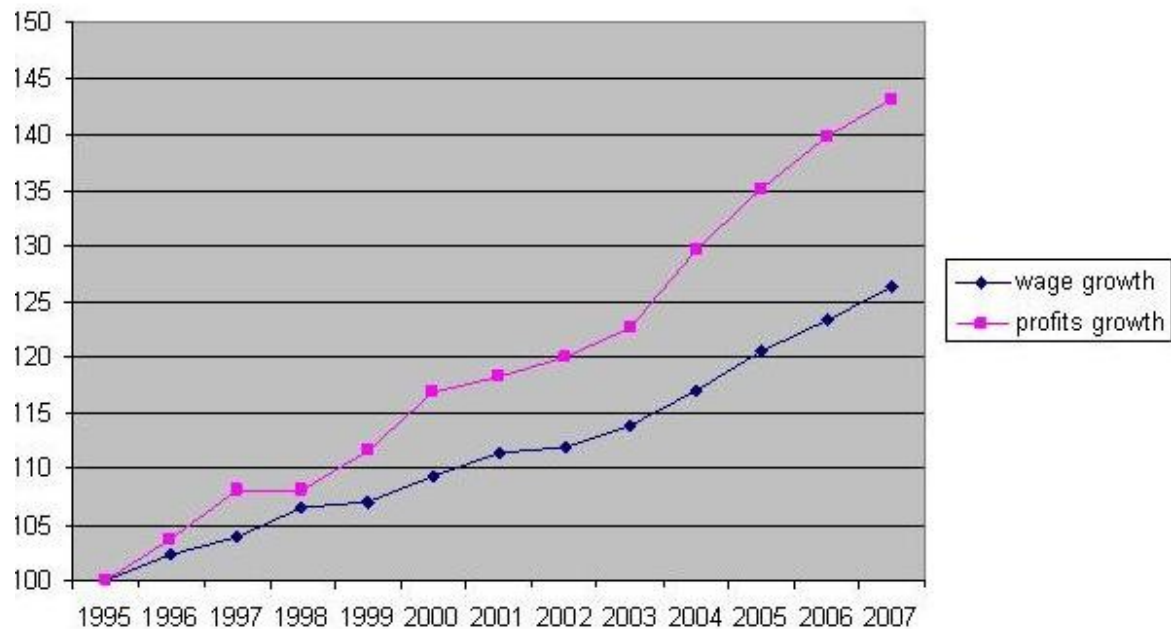
Impact of excessive deregulation

Dow Jones Industrial average



This represents the evolution of the Dow Jones Industrial Average from the beginning of the 20th Century until today. One can observe from the chart the steady progression of the Dow Jones until the late 1980's early 1990's, followed by an extremely steep progression. So what happened during that period? Most economists agree that it was the impact of globalization, meaning greater and freer flow of capital and increased investments, as well as the impact of internet or factors such as the emergence of China and India. But it was mainly deregulation which lead to excessive speculation which caused the market's increase. Wealth was thus no longer created through work but through speculation. In this regard, it should be stressed that the period from 1950 to the mid 70s has been referred to as the golden age of post World War II capitalism. The global growth rate was higher during that period than it was in the 90's or 2000's, yet the stock market progressed much faster in the 90's and 2000's. There is clearly a disconnect which can largely be explained by financial deregulation and speculation.

Profits and wage growth



This chart shows that profit and wages were closely linked in the early 1990's but have been increasingly diverging in recent years, providing a clear indication that wages have not been progressing as fast as profits. And despite the strong economic growth that generated millions of job since the early 1990's, income inequalities have continued to widen in most regions of the world and are expected to increase further due to the current global financial crisis.