

Olli Rehn: Empowering women in business leadership

Speech by Mr Olli Rehn, Deputy Governor of the Bank of Finland, at the International Women's Day, Helsinki, 8 March 2018.

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Accompanying [slides](#)

Ladies and Gentlemen,

Many thanks for the invitation to give the opening address in this very important seminar on “empowering women in business leadership”. I find the subject of today’s seminar particularly topical and pertinent for the International Women’s Day, and want to warmly thank the French Embassy and EU Representation for organizing this event.

Let me start with some personal reflections on the subject. I have all the reasons to respect competent women, especially as I had one very close by, at home. My mother Vuokko (1938–2011) was the first gymnasium (high school) graduate and the first university student of her extended family. She worked as English and Swedish teacher for many years, and was also a ‘school steward’ in the teachers’ trade union OAJ. Later on she became the marketing manager of our company – and was elected a Member of Parliament in the mid-1990s. I am most grateful to her for encouraging me to respect equal rights and value the importance of education.

Another reflection concerns Finland as a nation. One thing I am particularly proud of Finland is gender equality and women’s rights. We were the country which first gave full and universal political rights to women to vote and be a candidate in 1906. With the extension of education and building up of social and family policy, we have made big strides over the past decades. But I am not saying that everything is perfect or that we are in the goal already. No, we have still much work to do, especially in the working life and business leadership.

The same goes for Europe, as well. As Commission Vice-President I was glad to sponsor in 2012 the proposal championed by my colleague Viviane Reding to break the glass ceiling that bars female talent from top positions in Europe’s biggest companies. The Commission proposed legislation with the aim of attaining a 40% goal of the underrepresented sex in non-executive board-member positions in publicly listed companies, with the exception of SMEs. While not flying as such, it was a strong call for action to bring about gender equality in corporate boardrooms and in economic decision-making.

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Let us next look at the current state of gender balance in the working and business life in Finland.

Income differences, measured as yearly average disposable income, between genders have slightly narrowed during the past 25 years. The lifetime income of women is, however, still smaller than that of men.

(See slide 2)

Position in the labour market is essentially associated with **education**. Unemployment rate of the Finnish people with university degree tends to be significantly lower than that of people with only basic education.

The level of education of young people increased trend-wise until the end-1970s. Especially the high participation to education of women has increased the average education level of the whole population.

In achieving a solid position in the labour market, high education is even more important factor for women than what it is for men. Participation rates of women with only basic education, in particular, have been alarmingly low during the past few years. When the more highly educated men and women are compared, however, the smaller becomes the difference in participation rates. Education indeed matters.

The two recent economic recessions in Finland have treated men and women in different manner. Recession in the 1990s forced women in particular out of the labour market in Finland.

By contrast, the financial crisis in 2008–2009 and the resultant economic downturn appear to have impacted more on male-dominated sectors and thus on male employment and labour market participation.

(See slide 3)

Effects of the recession in the 1990s had, however, only temporary effect on average earnings growth of the Finnish X-generation. X-generation generally refers to people born in the 1970s. (In the figure, cohorts born in 1973–1975.) As the economy picked up towards the end of the 1990s, X-generation reached the income level of the previous generations at the same age.

The recession after the financial crisis may have had more permanent effects to the income growth of young men. Earnings growth of ‘The Y-generation’ men, born in the mid 1980s still seems to be slower than earnings growth of previous generations at the same age. The path of earnings growth of Y-generation women, in contrast, has not significantly been affected by the recession.

Evidence of slow income growth of people born in the 1980s and early 1990s has also been found in many other developed countries.

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Let me conclude with a few words on the Eurozone reform. The European economy has been on the path of recovery and growth for five years now. It is a good time to focus on reform.

Can we learn something from the euro crisis for the future reform? In my view it has provided a wealth of lessons of general application that should not be ignored.

1. Financial stability was grossly neglected before the crisis, and this should now be corrected by completing the banking union.

Against this background, too, the near-term focus in euro-area renewal should be kept on finalisation of the banking union.

What we still need to do to complete the banking union is two things. First, to create **a credible fiscal backstop for the bank resolution fund**. Second, to build **a common European Deposit Insurance Scheme**. To be politically feasible, these remaining elements will require convincing measures of risk reduction, and possibly some co-insurance features in their construction, at least in the first phase.

2. In building the stability union, the main responsibility for economic policies should rest with the member states, while this should be balanced with the insurance provided by common structures, especially as regards ensuring financial stability.

Going forward, the next reform should aim at producing a synthesis between the principles of “German” economic philosophy, which calls for proper incentives and rules, and those of “French” economic philosophy, which emphasizes insurance and stabilization.

I found the recent joint policy paper of leading French and German economists, published in January, most relevant, with its call for a constructive rethinking of the inherited national positions on the question of the future development of the EMU. Creating a European synthesis means building a solid stability union that emphasizes each member state's own responsibility, but also recognizes the necessity of joint structures to preserve financial stability.

We should work for such kind of Europe that combines entrepreneurial drive and a stability culture; for a Europe that seeks growth beyond its own borders through free-trade agreements despite headwinds; for a Europe where citizens and businesses can benefit from a genuine single market; and for a Europe that guarantees civil rights in the digital age.

And we should build the kind of Europe that opens up our citizens' opportunities to innovate and create new businesses and therefore jobs. Ensuring equal rights and unleashing the potential of women at workplace in the business life is an essential building block of a more creative productive Europe, France and Finland.

Let me wish you a successful conference and a Happy International Women's Day!

Thank you for your attention.