

Pentti Hakkarainen (FI)
Member of the Board
Bank of Finland
Helsinki

Born in 1958. Pentti Hakkarainen graduated from the University of Helsinki with a Master of Laws in 1982 and from Helsinki School of Economics and Business Administration in 1987 with a Master of Science in economics.

After serving at the Pielavesi Local Court and at the Legal Aid Office of the City of Helsinki between 1983 and 1984, Pentti Hakkarainen held the position of an Attaché in the Legal Department and in the Foreign Trade Department of the Ministry for Foreign Affairs. In 1985, he began to work for the finance management of Outokumpu Corporation where he was assigned the post of Finance Director and Corporate Treasurer in 1989. In 1995, Pentti Hakkarainen became Executive Director and Member of the Board at Okobank plc, and in 1997, was appointed Managing Director and President. Between 1998 and 2001, Pentti Hakkarainen acted as President of Postipankki Ltd. Subsequently, Pentti Hakkarainen was appointed Member of the Board of the Bank of Finland, a position he has held since then.

Additionally, Pentti Hakkarainen served as a Member of various committees and boards. Currently, he is a Member of the External Audit Committee of the International Monetary Fund.



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Finland is a good example of a small economy in the monetary union. It is interesting to assess its economy before and after joining the Euro area, and also compare conditions for the businesses in Finland to some countries which have stayed outside the common currency area. Monetary union helped, but Finland would have been successful outside as well. If firms are weak, monetary union will expose that weakness, if they are strong, they get a better opportunity to flourish.

Monetary union helps cut costs, expand the domestic market and lower interest rates for firms. However, it also increases the number of

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“domestic” competitors and hence the pressure for continuous wide-ranging competitive improvement.

However, monetary union makes you more dependent on your partners and does not solve structural rigidities in the labour market or the disincentives of high tax rates.

Finland has outperformed much of the Euro area. Its success is more than just Nokia and ICT and reflects its ranking at the top of competitiveness and trustworthiness indexes. Its levels of R&D are particularly high. Concrete examples help make the point.

Confidence has been high and domestic demand has been maintained despite the strong international cycle, which is a change from the period before monetary union.

Finland and enterprises in its economy face the same challenges as the rest of Europe in the future inside and outside EMU: an ageing society, increasing competition in an enlarged EU and globally, and limited natural resources.

A dynamic response will be needed.