



IMF chief Christine Lagarde says though she initially was not in favour of quotas for women on boards, her time working in a large international law firm changed her mind. **Photo: LOUISE KENNERLEY**

Management

Glenda Kwek

International Monetary Fund chief Christine Lagarde, one of the most powerful women in finance, started her career opposed to quotas for women on boards.

But a long, bruising career running an international law firm and being the first woman finance minister of a developed country changed her mind.

“I was not in favour of quotas when I was a young woman. Faced with the harsh reality of working in a big international law firm, I certainly changed my mind,” Ms Lagarde, who is in Sydney ahead of the G20 meetings, said at a recording of the ABC’s Q&A program on Thursday.

“I do believe that quotas are a necessity ... It does change the landscape and I know it will continue to do so.”

She added that there was a central role for men in such reforms.

“I believe it is not something that will be a women’s business or a women’s affair, but it is going to be a human affair.”

“To have both men and women involved in this project on equal opportunities, of fair access, of looking at the constraints in a very practical way to get this done is exactly the right way to go.”

The IMF managing director said governments should invest in health and education as a priority, and act to reduce the impact of climate change even without an international agreement.

“Clearly investing in health, investing in education, making such there are equal opportunities for all is something where public money is needed,” Ms Lagarde said in response to a question on federal Treasurer Joe Hockey’s call for the end of “the age of entitlement”.

“It’s not a question of ... entitlement.”

Ms Lagarde, who was careful not to directly criticise the federal government, said while there were different approaches to tackle climate change, the issue had to be dealt with both at a local and international level.

“My personal firm belief is that we cannot wait until an international body or an international agreement is actually found or reached to actually address the issue,” she said.

She added that “environmental degradation”, a term she deliberately used to stress a focus beyond CO2 emissions, was an external cost to the economy that was not well-priced.

“For the moment, it is not well-priced. It is hardly priced at all. Let’s look at it from an economic angle. Externality must have a price. Once that price is identified and determined, it has to be dealt with, either by way of incentives, or by way of taxation, of carbon trade, of auctions.

“There are multiple ways to deal with it, but it has to be dealt with.”

The IMF managing director, who was also questioned about Prime Minister Tony Abbott’s comments on government spending at the World Economic Forum in Davos last month, said there was a role for reining in fiscal spending in the medium-term. Even so, she added that a reduction of government spending in the short-run for countries not struggling with heavy debt or a high deficit was not necessary.

“[The country] doesn’t have to do fiscal consolidation the hard way, if you will, so that growth is compatible with a decent fiscal pathway forward,” she said.

Ms Lagarde said there was a role for government spending in large infrastructure projects to stimulate economic growth, “where the return on investment is going to be years and years away”.

“In those kinds of projects, there is certainly space for public money to be invested, sometimes in partnership with the private sector.

“I don’t want to pass a general judgement on what is right, what is wrong. It is going to be country specific, and it is going to be project specific in a way.

“But I have no doubt in my mind that on some infrastructure projects, public investment ... is actually helpful and needed.

Ms Lagarde refrained from commenting in the government’s official removal of poverty reduction from the goals of the foreign aid budget, but said “eliminating poverty as the goal of not only the World Bank but also the United Nations is a very legitimate and laudable goal and one that certainly we will help develop and implement”.

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