



ipso

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Frankfurt, 27 May 2009

PRESS RELEASE

ECB Staff Union IPSO calls for a warning strike about ECB democratic deficit

IPSO has called for a strike action on 3 June 2009 to raise awareness about the democratic deficit at the European Central Bank. The strike and protest action will last 90 minutes as the union has decided to refrain from impairing the ECB's operational capabilities. A leading member of the European Parliament has been invited to deliver a speech on this occasion.

IPSO claims full and unimpeded negotiation and collective bargaining rights covering all aspects of labour relations. It requires that the appropriate structures and procedures be put in place to ensure that these fundamental rights are respected.

The intention of the strike is to increase awareness on the democratic deficit at the ECB and the danger which it carries. The Maastricht Treaty ends the Governing Council of the ECB with legislative powers regarding employment.

However, the checks and balances necessary to avoid any abuses of power are not in place. While the Governing Council disregards the fundamental rights of ECB staff, its members are not elected, nor are they democratically accountable. The decision-making process for changes to the staff's conditions of employment is completely intransparent and the Governing Council minutes are secret. Staff representatives cannot attend relevant Governing Council meetings to provide their views. The ECB is the only entity in the European Union with a constitutional framework that gives it the power to adopt legal acts without any public debate. For ECB staff, the ECB is thus legislator, employer, social security provider and judge at one and the same time – a unique set-up in Europe and beyond.

A clear example of the abuse of power is the refusal of the ECB to establish a framework that allows collective agreements to be negotiated for its employees. This is contrary to Article 28 of the European Charter of Fundamental Rights, which grants EU employees the right to conclude collective agreements. All that the ECB grants its staff members is the right to be consulted, which leads a practice of "consult and ignore" in labour relations.

The lack of a framework for negotiations has been particularly striking in the recent pension reform adopted by the Governing Council on 4 May. As calculated by an actuarial company of world-wide standing, that reform will mean a cut of about 20% in staff's pension benefits. Moreover, that cut has been implemented in the form of a unilateral change to existing employment contracts. While staff representatives are not against the principle of a balanced pension reform, they are appalled to see that legally binding employment contracts can be changed by one party without the consent of the other.

The pension reform is only a symptom of a much deeper and general governance and cultural issue at the ECB.

In this case, the ECB used its discretionary power to impose a massive cut in old age benefit, thereby reneging on its contractual obligations. Against all evidence, the ECB misleadingly claimed that the reform is justified by objective factors such as increase in longevity and decrease in interest rates, while the intention and effect is that it is intentionally saving at the expense of its staff.

The acceptance of such changes is even more difficult if one considers the maladministration practices surrounding the ECB pension scheme. These were extensively reported by the monitoring body of the ECB Retirement Plan, the Oversight Committee, and systematically ignored by the monitored body. Such maladministration practices include the use of outdated mortality tables, gross mistakes in interest rates assumptions and the inappropriate handling of conflicts of interests. For further clarification, it should be noted that the ECB Executive Board members enjoy a much better pension scheme which remains unaffected by the reform. They capitalise at the rate of 4.5% p.a. - as opposed to 2% p.a. for staff.

The recent change in disciplinary procedures constitutes another example of abuses of power. Indeed, the regime of recruitment, promotion and performance management is another striking example. The new disciplinary rules set up a disciplinary committee appointed

by the Executive Board, without any staff representation in it - contrary to the Disciplinary Board of the European Commission which is jointly composed by representatives of the employer and the employees. The possible infractions to the ECB internal rules are only defined in general terms, leaving a large margin of discretion to the Executive Board when deciding what constitutes misconduct. This contributes to the existing climate of fear which is reported as negatively influencing the way information flows at the ECB, with implications going far beyond labour relations.

The questionable governance framework of the ECB Retirement Plan, the lack of accountability of the Governing Council regarding changes to conditions of employment and the intransparency of nomination procedures cannot be seen in isolation from the general framework governing the decision-making processes of the ECB. IPSO firmly believes that the concentration of power at the ECB harms the proper functioning of the institution. IPSO trusts that the strike will raise public awareness on these serious issues.

IPSO intends to bring the matter to the attention of the European Court of Justice, the European Court of Auditors and the European Parliament. It will also formally invite the European Commission, as guardian of the Charter of Fundamental Rights of the European Union, to clarify its views on the application of the Charter to the ECB.

Europe needs a democratic ECB!

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