



**Former SPÖ Infrastructure Minister Jörg Leichtfried made it possible for the European Patent Office to use Austrian funds to engage in risky stock market speculation.**

**European Patent Office**

27 June 2018

## **The European Patent Office is allowed to misuse Austrian funds for stock exchange speculation with the blessing of the SPÖ.**

It is nothing new that one does not learn about the real scandals in Austria from the state-sponsored domestic media . However, what the current issue of the German business weekly *Wirtschaftswoche* (No. 26/2018) slaps down on the table in front of us under the title "*Die unheimliche Wette*" is an unprecedented "red" [SPÖ] domestic political bombshell - ignited in 2017 as one of the last official acts of the era of Jörg Leichtfried (SPÖ Minister of Infrastructure 2016/17). It is about nothing more and nothing less than stock market gambling with Austrian funds by the European Patent Office (EPO) which has been approved by the "comrades" at the Ministry of Infrastructure.

### **The EPO, a billion-Euro cash stash**

Half of Austria's income from national patent fees (around € 15 million annually) - like that of the other 37 member states of the European Patent Organization - goes to the EPO, which has amassed liquid assets of around € 2.3 billion in this way.

### ***Guest commentary by Friedrich Rödler***

Nevertheless, the EPO will not manage to balance its books with its accumulated liquid assets. The personnel costs for its 7,000 employees are too high (a newcomer earns about € 5,000 net per month; after two decades a patent examiner has a higher net income than

an Austrian minister), the pension payments and reserve provisions are correspondingly high, the salary tax refunds to its pensioners are unrealistic and in all other respects the management of its finances is far too extravagant. The financial risks are obvious; these liabilities cannot be covered in the long term.

Following such a economic analysis, any "normal" company would have to cut back and restructure its operations or have such a course of action imposed upon it by the supervisory board.

### **Stock market speculation with Austrian funds**

The European Patent Office is different: In 2017, with Austria's approval in the Budget and Finance Committee of the Administrative Council, instead of rigorously scaling back on its expenditure, it decided - secretly and behind closed doors - to take a seat at the roulette table of the international financial markets and thus go among the stock market speculators.

Perhaps the ball will fall favourably, says the EPO with Austria's benevolent approval, and the fortune of currently € 2.3 billion will increase to around € 12 billion euros in just 20 years. Of course, that's exactly how it will be – that's what all gamblers like to believe.

In concrete terms, as of July 1, 2018 - with Austria's consent and with Austrian money - investments will be made in precisely those high-risk and opaque financial instruments that were responsible for the stock market and financial crises of 2008 and 2011. For example, in "high yield bonds" (according to Wikipedia, "junk bonds"), in options, futures, derivatives, in speculation on currencies and in swaps.

Or, as "Wirtschaftswoche" puts it so eloquently: *"Instead of preventing long-term risks, the European Patent Office is now maximizing risks"* - at the expense of the taxpayers in the member states, because they are liable for losses of the European Patent Office due to international agreements.

### **Economic and political responsibility**

Stefan Pichler, Vice Rector and Professor of Banking and Finance at the Vienna University of Economics and Business Administration, goes on record to tell **Wirtschaftswoche** that he considers Austria's approval of these speculative transactions to be "politically irresponsible," also in view of the legal prohibition on speculation that applies to Austria; the head of the delegation and Austrian Patent Office Director Mariana Karepova - installed by Alois Stöger in 2015 without the "management experience" required in the vacancy notice - Pichler continues verbatim, *"should not have agreed under any circumstances. Above all, she should have checked whether the exposure to liability did not preclude it, if only from the point of view of economic responsibility."*

## **Abrogation of the legal prohibition on speculation**

Nevertheless: the horse has bolted as of 1 July 2018. With the help of Austria's consent given in 2017, and regardless of Austria's legal ban on speculation, public funds - including those originating from Austria - will now be gambled on the stock exchange, by third parties who - in the course of the first three years alone - will pocket around € 25 million for their efforts, which entail no risk for them. All of this with Austria's consent as well of course.

## ***Expensive legacy of "red" [SPÖ] decision-makers***

The political responsibility for this state of affairs - widely and repeatedly described as a scandal - is shared by the former "red" [SPÖ] infrastructure minister Leichtfried, who was removed from office by the will of the voters, together with the head of the delegation and head of the Austrian patent office, Karepova, who still holds the position to which she was appointed by the will of the "red" party [SPÖ].

Austria's vote at the European Patent Office at the time in question can no longer be reversed, but its consequences should still catch up with those responsible.

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**Original text in German at:**

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