

# Iceland Revolts vs. Anglo-Dutch Empire

by Ulf Sandmark

STOCKHOLM, Jan. 8—In a truly historic event, the President of Iceland, Ólafur Ragnar Grímsson, on Jan. 5, refused to sign a bill which would have paid Britain and the Netherlands almost EU4 billion, one-third of the nation's GDP, for defaulted bank depositors, and instead, to refer the decision to a referendum of the people. A mass strike process among the population, with more than a quarter of the electorate signing a petition calling for the bill to be subjected to a referendum, made it possible for the President to stand up against the British Empire and the global financial system.

Grímsson said: "This is a far larger proportion of the electorate than the criterion that has been referred to in declarations and proposals from the political parties. Public opinion polls indicate that the overwhelming majority of the nation is of the same opinion. In addition, declarations made in the Althingi [parliament] and appeals that the President has received from individual Members of Parliament indicate that the majority of the Members are in favor of holding such a referendum. . . .

"It is the cornerstone of the constitutional structure of the Republic of Iceland that the people are the supreme judge of the validity of the law. Under the Constitution, which was passed on the foundation of the Republic in 1944, and which over 90% of the nation approved in a referendum, the power which formerly rested with the Althingi and the King was transferred to the people. It is then the responsibility of the President of the Republic to ensure that the nation can exercise this right."

The referendum will decide on the bill adopted by the Althingi, Dec. 30, including the amendments dictated by the British and the Dutch governments, basically throwing out all the conditions protecting Iceland's sovereignty, in an earlier bill passed by the Althingi Aug. 28. If the voters reject the amendments, the earlier bill still will stand.

A leader of the InDefence.is movement, Ólafur Eliasson, told EIRNS Jan. 5, that even the Aug. 28 bill is

already a big burden to the country. His organization has been built around a protest against the British government, using an anti-terrorist law to seize the accounts of the Icelandic banks, since 2008. After protesting the naming of all Icelanders as "terrorists," the InDefence organization opposed the claim that Iceland should take responsibility for the losses of the deposits in the British and Dutch branches of the Icesave Bank, a subsidiary of the bankrupted Icelandic bank Landsbanki, money that not had been invested in Iceland, but handled abroad by speculators.

## Far-Reaching Protections

In the August bill, although it agreed to take the loans from the U.K. and the Netherlands to finance payments to depositors, there were far-reaching conditions protecting the country. First of all, it included a cap on all repayments to a maximum of 6% of the growth of the national GDP—meaning no money at all could be paid when there is no growth; and if the debt was not paid after 15 years (2024) the rest would be written off. This meant that Iceland would pay as much as it could, but no more.

In the Dec. 30 bill, all protective conditions were thrown out, including the two most important: These amendments<sup>1</sup> to the August measure called for the full payment every year of a 5.5% interest rate. This meant that the bill vetoed by the President would have forced Iceland to pay each year an amount equal to half the cost Iceland's health service. The payments would also continue after 2024 until fully paid, i.e., just like a new Versailles debt. InDefence has called upon all other countries to support Iceland's right to say no to this enslavement for generations.

According to the London *Financial Times*, Paul Myners, Britain's Financial Services Minister, warned that if the deal was abandoned, Iceland would "effectively be saying that it did not want to be part of the international political system." Dutch Finance Minister Wouter Bos urged Iceland to pull back from the risk of "total international isolation if international obligations such as these are not met."

Although EU4 billion is a relatively small sum for the City of London to write off, the matter is of principal concern for the British Empire. It is not only about

1. See Comparison between Act No. 96/2009 and the Acceptance and Amendment Agreements at: [http://www.althingi.is/pdf/icesave/Icesave\\_2009\\_comparing\\_EN.pdf](http://www.althingi.is/pdf/icesave/Icesave_2009_comparing_EN.pdf)



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*In a shot heard 'round the world, Iceland President Ólafur Ragnar Grímsson, refused to sign away one-third of the nation's GDP to the international speculators based in London and Amsterdam, and announced that the decision would be left to a referendum of the voters.*

clamping down on small countries defying the rules of the monetarist system. If the foreign depositors anywhere in that system would not be protected, it would be the end of the Anglo-Dutch financial system, as all foreign investors would pull out of the City of London banks.

### **Latvian Court Defends Sovereignty**

In a related development, the Latvian Constitutional Court, on Dec. 21, delivered a groundbreaking defense of sovereignty against all IMF and EU imposed structural adjustment programs. The court declared illegal the IMF- and EU-ordered cuts, in July 2009, of social security, and forced the government, by March 2010, to organize the reinstatement of the cuts. Exemplary of the mass strike process, 9,000 senior citizens joined by a broad range of civil organizations had lodged the complaints with the Constitutional Court.

“The Court indicated that international liabilities cannot serve as argumentation for restriction of the fundamental rights. Moreover, the Cabinet of Ministers could not conclude any such agreement without due authorization of the Saeima [parliament]. International creditors provided general guidelines. For instance, they required ensuring reduction of special budget ex-

penses. However, it was left up to Latvia to decide on the way how to fulfill these requirements,” the decision stated.

To win this fight, Icelanders and Latvians urgently need the arsenal provided by the LaRouche Plan (see *EIR*, Sept. 30, 2009). (The Schiller Institute of Denmark has gotten copies of the LaRouche Plan to all members of the Icelandic parliament.) The establishment of a Glass-Steagall-type of banking law is partly underway, as Iceland's former government refused to take responsibility for the failed bank debts that were ten times the national GDP. The reopened banks are also now directed to serve only the national economy. However, a Glass-Steagall law would make clear the principles by which the Ice-save accounts and other speculative leftovers should not be paid by the taxpayers.

Furthermore, the international credit system called for in the LaRouche Plan is an absolutely needed weapon for defense against the credit blockade. All the credits needed to run and expand the domestic national economy could be supplied in a credit system organized by the National Bank of Iceland. Foreign currency is needed only for foreign trade, which can be supplied in the form of loans of solidarity. To shift the power away from the bloodthirsty Anglo-Dutch monetary system, Iceland and Latvia need the Four-Power agreement for a new Bretton Woods with fixed currency rates, enabling long-term international projects as well as stable and fair trade.

In short, the empire will destroy Iceland, unless we destroy the empire.

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