

## Debt Moratorium in Iceland

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Reykjavik , Iceland , Oct. 7 - A leading member of the Icelandic parliament called Monday night for the country to declare a debt moratorium and stop attempting to pay the \$6 billion which the British and Netherlands governments are seeking to extort from Iceland with the help of the International Monetary Fund and the European Commission in Brussels. This dramatic call was issued by Birgitta Jónsdóttir, the chairman of the parliamentary faction of The Movement in the Icelandic parliament, the Althing. Birgitta Jónsdóttir was speaking during a special session of the Althing called to address the rapidly deteriorating economic and financial position of Iceland, one year after the collapse of the three hot-money offshore banks, Landsbanki, Kaupthing, and Glitnir.

In her remarks, Birgitta Jónsdóttir observed that Iceland is already technically bankrupt, and ought to cease payment. She also pointed to the hostility to Iceland of the IMF and EU. The current prime minister, Jóhanna Sigurðardóttir, who leads a moribund coalition of Social Democrats and Left Greens, had attempted to justify her policy of financial appeasement of the British and Dutch. London and The Hague are demanding \$6 billion in restitution for losses incurred by private Icelandic bankers operating in their countries as Icesave, even though the Icelandic government had never guaranteed these operations, and even though British and Dutch regulators were deeply implicated in the Icesave debacle, which came in the wake of the Lehman Brothers bankruptcy. The sum demanded by the British and the Dutch from Iceland in an operation spearheaded by the widely hated UK Prime Minister Gordon Brown would amount to about half of the yearly Gross Domestic Product of Iceland, a country with about 330,000 inhabitants. If the Anglo-Dutch were attempting to perform a proportional extortion on the United States, they would be demanding about \$8 trillion . The British and Dutch are also determined to collect at least 5.5% compound interest, meaning that Iceland's obligation would grow over time, even if substantial payments were made. If the politically desperate Brown and his Dutch retainer Balkenende get their way, Icesave will turn into Iceslave - a future of poverty, unemployment, depopulation, and national collapse for Iceland, which could never pay the sums being demanded.

In a related development, Icelandic Health Minister Ogmundur Jonasson, a highly respected leader of the Left Green Party, resigned from the coalition government in protest against the economic policies being pursued. Specifically, Ogmundur Jonasson stated in interviews that he could not in conscience support the Icesave sellout, as the prime minister was demanding. Ogmundur Jonasson is widely regarded as a possible candidate for prime minister. His resignation is considered the de facto start of a government crisis likely to lead to the fall of the current coalition, perhaps as early as mid-October.

Birgitta Jónsdóttir's The Movement faction is the product of a mass strike upsurge which gripped Iceland from October 2008 to January 2009, with frequent large-scale

demonstrations against the previous right-wing coalition government, which had imposed the monetarist de-regulation of the Icelandic banking system, leading to the banking crisis of last autumn. Birgitta Jónsdóttir and her associates were originally elected as part of a larger group called the Civic Movement, from which they split when the Civic Movement took a course of opportunism.

Birgitta Jónsdóttir has now placed the question of a debt moratorium squarely on the international agenda. Her courageous move shows that small countries can move world history by providing leadership for humanity in times of crisis when existing institutions are increasingly paralyzed and corrupt. In recent months, political forces in the Philippines and Sri Lanka had raised the question of debt moratoria, as had the leaders of UNCTAD. With the news coming from Iceland, the formation of an international debtors' cartel to confront London, Wall Street, and the IMF has suddenly become a real possibility.

The following is a report of Birgitta Jónsdóttir's statement from an Icelandic website. The highlighted reference is to skuldastöðvun, or debt stop, i.e. debt moratorium.

Vísir, 05. okt. 2009 20:55

### **Birgitta Jónsdóttir veltir fyrir sér hvort rétt sé að Íslendingar fari í skuldastöðvun. Birgitta segir Ísland tæknilega gjaldþrota**

Jón Hákon Halldórsson skrifar: Íslendingar eru tæknilega séð gjaldþrota, sagði Birgitta Jónsdóttir, þingmaður Hreyfingarinnar í umræðum um stefnuræðu forsætisráðherra í kvöld. Hún velti fyrir sér hvort rétt væri að íslensk stjórnvöld færu í skuldastöðvun. Ef til vill væri betra að taka skellinn strax og gefast upp. Ef haldið yrði áfram á þeirri leið sem ríkisstjórnin hefur verið myndi vaxtabyrðin sliga þjóðina.

Hún sagði að Alþjóðagjaldeyrissjóðurinn og Evrópusambandið hefði verið Íslendingum fjandsamleg í Icesave málinu.

Þá minnti Birgitta á að þjóðstjórn og utanríkisstjórn hefði verði mönnum hugleikin undanfarna daga. Slíkt hefði ekki gefist vel í sögu þjóðarinnar en ef til vill hefði bankahrunið breytt einhverju þannig að allir kjörnir fulltrúar þjóðarinnar þyrftu að deila ábyrgðinni. Utanþingsstjón skipuð af forsetanum hugnast Birgittu ekki.  
<http://www.visir.is/article/20091005/FRETTIR01/629463333>

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