

EFTA court dismisses 'Icesave' claims against Iceland and its people

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It is with some satisfaction that CADTM learns of the decision by the EFTA (European Free Trade Association) court to dismiss all the complaints brought by the Netherlands and the UK against Iceland in the Icesave case.

The judgement clearly states that it is not the responsibility of the parent nation of a banking company to cover the costs of the guarantees to their banking system, and the safety net structure must be financed by the banks themselves. This implicitly confirms that the normal liquidation process, as applied to 'Landsbanki' (Icesave's mother company) is quite correct when a bank, even too big to fail, has greater liabilities than assets. Which would be the case of most of the big European banks if the toxic assets on their balance sheets were counted at their real value.

This is the contrary to that which has happened in favour of bank welfare since the beginning of the recurring financial crises from 2007 onwards. The governments of the industrialised countries have put up the collateral for their failing banks, unjustifiably using public money to ease bank cash flows at the same time as they have insisted that the situation is the fault of the population who must pay the damage through pay cuts, reduced social cover, job insecurity and degraded working conditions. The people are not to blame and are not in agreement with the austerity measures imposed on them. This decision demonstrates the legitimate nature of the people's opinions and in so doing shows up the illegitimate nature of these austerity measures.

The European banking system is still holding its breath, waiting for the day its toxic assets mature and may no longer be hidden. At that moment the population will be asked (or rather ordered) to bail them out again. The governments, through the structures that have since been put into place will go cap in hand to the financial markets to borrow their own money to give back to the banks that hold the toxic assets. With the EFTA decision we now know it is not the people's (Greek, Irish, Portuguese or any other's) responsibility to do this and the will of the governments to do so is complicity with the banks.

Financial crises will continue unless the banks are expropriated without compensation, socialised under popular and democratic control, and used to finance the needs of the population rather than the desires of the financial markets. It is also necessary to identify, through citizens' debt audits, the part of public debt that is illegitimate, particularly that part which is the result of bank bail-out measures, so that it may be abolished.

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