



Written by [Alex Newman](#) on March 8, 2010

Icelanders Reject 'Debt Slavery'

Icelandic voters went to the polls over the weekend and delivered an overwhelming blow to bankers and governments attempting saddle the people with billions of dollars in debts to foreign states stemming from the failure of a private bank.

Partial referendum results were announced Sunday, revealing that more than 93 percent of Icelanders rejected the proposal to pay back \$5.3 billion allegedly owed to the British and Dutch governments. Less than two percent voted yes. And afterward, Icelanders celebrated in the streets with fireworks.



"This is a strong 'No' from the Icelandic nation," said economist Magnus Arni Skulason with [InDefence](#), a group which rallied opposition to the plan. "The Icelandic public understands that we are sovereign and we have to be treated like a sovereign nation — not being bullied like the British and the Dutch have been doing."

According to the organization and other critics of the proposal, the debts are not the responsibility of the Icelandic people, and the government bailouts to British and Dutch depositors on behalf of Iceland may have been illegal.

Under the 5.5-percent-interest repayment plan worked out by governments before talks fell apart last week, each Icelander would have been forced to pay about \$135 per month for almost 10 years — about a fourth of average family income, according to an [Associated Press](#) report.

When the economic crisis began, Iceland's overstretched banks began to feel the crunch. The currency was almost obliterated as furious Icelanders protested in the streets and brought down the government. The three largest banks collapsed.

Eventually, British and Dutch authorities began a series of actions culminating in a bailout of citizens who had money deposited in the banks, particularly the Landsbanki Internet bank known as IceSave. Some analysts even pinned at least part of the blame for the collapse of IceSave on the British government, which froze the bank's assets using anti-terror laws back in 2008.

But still, European authorities asked the Icelandic government to force its 320,000 citizens to pay back the British and Dutch treasuries for the bailouts.

And while the Icelandic parliament agreed to make Icelanders foot the bill, President Olafur Grimsson refused to sign the repayment agreement because he objected to the terms. This sparked the referendum. Grimsson also noted that the people were not happy about being forced to repay the debts of "greedy bankers."

"It was a very clear message and we fully respect that," Icelandic Finance Minister Steingrímur Sigfússon said after the referendum. "We want to find a solution that can be acceptable to everyone." But despite the vote, he claimed the Icelandic people would still be forced to repay the debts. Other



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officials echoed the sentiment as well.

"This has no impact on the life of the government," Prime Minister Johanna Sigurdardottir said of the referendum, adding that the current government would remain in power despite the results. "Now we need to get on with the task in front of us, namely to finish the negotiations with the Dutch and the British."

British officials also seemed confident that they would get the money despite the referendum result. "We've tried to be reasonable," said British Treasury chief Alistair Darling. "The fundamental point for us is that we get our money back, but on the terms and conditions and so on, we're prepared to be flexible." However, he told the [BBC](#), "There is no question we will get the money back."

The International Monetary Fund has jumped in the fray on the side of governments and bankers, promising to loan Iceland more than \$4 billion to revive its economy if it agrees to pay back the foreign governments it allegedly owes. But the Icelandic people are clearly not convinced and do not necessarily agree that the foreign governments should be reimbursed by taxpayers.

"I think it's the same kind of message that people all over the world would like to give to their government about the bailouts: 'We don't want to pay for a system that isn't working'" said one Icelandic voter interviewed by the [BBC](#) after the vote. "I think that what's happened is that people have said that they are not willing to accept being put into any sort of debt slavery," said another. A third said that people should not be forced to pay for the debts of a few "idiots."

Iceland is at a crossroads. It can either suffer years of unnecessary economic pain by accepting the fraudulent claim that the people are responsible for the "[odious debt](#)" incurred by bankers and governments; or it can reject that notion and start over again.

Some [commentators](#) are hopeful that the Icelandic people could even throw off the whole corrupt system of debt-based fiat money and fractional reserve banking. Others predict that the nation will eventually cave in to the demands of governments and the banking elite.

But the results of this referendum illustrate that a rebellion against debt slavery is brewing. With any luck, it will spread beyond the isolated volcanic island and take hold among the American people and beyond.

Properly reforming the banking and monetary systems of the world would be the single best step that could be taken toward liberty, sound money, and a prosperous economy. And with financial problems hitting home for more and more people, the time to bring about true change has never been better.



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