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## **Britain's shaky legal case against Iceland**

*Press release: 4th March 2010, London*

In an article published in Iceland's Morgunbladid today, Ann Pettifor and Jeremy Smith of Advocacy International argue that the Icesave saga is not a sovereign debt crisis, as portrayed by the British and Dutch governments.

It is instead a crisis of EU regulatory failure and of the Anglo-American economic model. The authors argue that there was a specific failure by the British and Dutch governments to supervise the Landsbanki branches operating in their countries, and that they share co-responsibility for the losses.

Moreover, the impact on the people of Iceland would be grossly disproportionate, representing over €12 000 per person, and adding a new debt of half Iceland's GDP, plus a high annual rate of interest of over 5%.

Ann Pettifor said:

*"The result of the referendum should give the British and Dutch governments the chance to re-think their bullying strategy, and come forward with proportionate and just proposals for sharing the burden of losses."*

### **Note to Editors:**

A copy of the article in both English and Icelandic is attached. The Icelandic version can be found at Morgunbladid at [http://www.mbl.is/mm/gagnasafn/grein.html?grein\\_id=1324650](http://www.mbl.is/mm/gagnasafn/grein.html?grein_id=1324650) (full article by subscription only).

The people of Iceland vote on a referendum this Saturday on whether to approve the Act of the Icelandic Parliament authorising the government to give a sovereign guarantee to the British and Dutch governments, on terms wanted by the latter, for compensation paid to British and Dutch "Icesave" depositors after the collapse of Landsbanki in October 2008. If they vote no, the sovereign guarantee cannot be given on those terms, which many Icelanders consider to be excessively harsh. This follows the decision of the Icelandic President to refer the matter to the people in a referendum before signing it into law, following a petition to that end signed by a quarter of the population.