

## Iceland should stand up to shameful bullying

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[FT.com / Columnists / John Kay - Iceland should stand up to shameful bullying.](#)

John Kay makes this powerful point:

*When Scotland's two largest banks were rescued in 2008, their combined gross liabilities totalled more than half a million pounds for each man, woman and child in the country. Most Scots do not have half a million pounds; indeed, many Scots will not earn half a million pounds in their entire working lives. But this does not matter, since the sum is irrelevant. The liabilities of the Scottish banks are plainly not liabilities of the Scottish population, either legally or morally. This would not change one bit if Scotland had an independent government. These points are so obvious that they should hardly need to be made.*

Except that the people of Iceland are being asked to pay for the losses of people from the UK and the Netherlands who used banks incorporated in that small state - even though the people of Iceland have also lost enormously from the failure of those same banks.

As John Kay puts it:

*Our rationale for bullying the people of Iceland is the rationale of all bullies: we are doing it because we can. Or because we thought we could. Now Iceland again has the upper hand. If the vote on March 6 goes ahead the public will be given its first opportunity to reject the claim that it must take financial responsibility for the failures of banks and bankers. That will be a game-changing event, which is why Britain and Holland are negotiating. We should be ashamed of ourselves.*

Quite so.

I hope the people of Iceland vote 'no' to any deal: any other outcome would be a gross injustice and a recipe for continuing abuse by banks worldwide.

The UK and the Netherlands should have regulated these banks; should have realised

that the interest rates they offered were as clear a distress signal as those that Northern Rock offered and closed all of them down. They didn't. That was our fault, not Iceland's. Now let's accept it.

Surely the lessons of Germany in the 1920s have taught us reparations don't work?