

Throughout Europe people should come first and Iceland ...

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As [Eva Joly notes in the Guardian this morning](#):

On Saturday the Icelandic people vote in a referendum on whether the Icelandic state and thus the citizens should guarantee the so-called Icesave claim.

Icesave was a bank deposit account that promised market-leading interest rates. When the bank failed, the question arose if the Icelandic depositors' guarantee fund — a private institution financed by the banks — should have taxpayer backing.

Instead of letting depositors lose their money or even wait for compensation from the bankruptcy estate, the governments of the UK and Netherlands (where the Icesave products were marketed) decided to reimburse depositors from their own countries. The reimbursement included the full principal, while the recklessly high-interest profits of the risk-seeking depositors were thrown in as a bonus.

Then the British and Dutch authorities went to the Icelandic government and claimed, with reference to EU regulation, that the compensation was in fact the responsibility of the Icelandic taxpayer and that Iceland had to reimburse the British and the Dutch in full.

The claims on Iceland are huge, considering the size of its population — £3.5bn equals a claim on the British taxpayer of £700bn. The claim is contested; it has a doubtful legal basis, and an even more doubtful moral basis.

Eva is right to say that the people of Iceland should vote against this deal. Asa she says:

In a similar vein, the people of Ireland, Greece, Portugal and other EU nations have had to accept a total guarantee of all loans made by commercial lenders, thus leaving both financial institutions and bondholders free of all responsibility. Why is this? Has this been discussed properly? Is the idea that taxpayers should necessarily guarantee private lenders a commonly accepted proposition? Is reckless lending supposed to be without consequence?

Instead of applying the customary methods of writing off debt, it seems that an invisible consensus has been created — reminiscent of Chomsky's phrase of the "unconscious conspiracy" — that the financial excesses and reckless lending of the past decade shall be carried forward by the taxpayers into the unforeseeable future. As a result, citizens across Europe are facing extreme cuts in public services, tax rises and massive rises in unemployment.

This is madness: this is money before people.

Eva's position is simple, ethical, justified and right: people come first.