

Why Has Iceland Experienced a Strong Economic Recovery after Complete Financial Collapse in 2008?

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Global Research, January 28, 2013

Region: [Europe](#)

Theme: [Global Economy](#)

Iceland's President Olafur Ragnar GRIMMSON was interviewed over the weekend (26./27.01.2013) at the World Economic Forum in Davos on why Iceland has enjoyed such a strong recovery after it's complete financial collapse in 2008, while the rest of the Western world struggles with a recovery that has no clothes.

Grimsson gave a famous reply to the financial MSM reporter, stating that Iceland's recovery was due to the following primary reason:

„... We were wise enough not to follow the traditional prevailing orthodoxies of the Western financial world in the last 30 years. We introduced currency controls, we let the banks fail, we provided support for the poor, and we didn't introduce austerity measures like you're seeing here in Europe. ...“

When asked whether Iceland's policy of letting the banks fail would have worked in the rest of Europe, Grimsson replied:

„... Why are the banks considered to be the holy churches of the modern economy? Why are private banks not like airlines and tele-communication companies and allowed to go bankrupt if they have been run in an irresponsible way? The theory that you have to bail-out banks is a theory that you allow bankers enjoy for their own profit their success, and then let ordinary people bear their failure through taxes and austerity. People in enlightened democracies are not going to accept that in the long run. ...“

The whole interview with Grimmson (02:56 min) is available – see:

www.youtube.com/watch?v=51-Jfh6ADH0

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