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A Prime Minister in the Dock

Iceland's Geir Haarde is found guilty ... of not holding enough meetings before and during the financial crisis.

By Hannes H. Gissurarson

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Reykjavik

In early March Geir H. Haarde, Iceland's prime minister from 2006 to 2009, became the first and only political leader in the world to be brought to trial over the 2008 international economic crisis.

The crisis hit Iceland harder than most other countries because of its large banking sector. Mr. Haarde's left-wing opponents in the Icelandic parliament, with a narrow majority, had used an ancient law according to which parliament rather than criminal prosecutors could, in special cases, bring charges against government ministers for neglecting their duties. A Special State Court, never summoned before, was to decide whether or not Mr. Haarde was guilty of criminal negligence before and during the crisis.

On Monday the president of the court, a Supreme Court judge, read its decision to a tense audience in a historic Reykjavik mansion. Of the 15 judges, six wanted to acquit Mr. Haarde of all four charges against him. A majority, however—nine out of 15—decided to acquit Haarde of three of the four charges, but found him guilty on the fourth count: that he had not held a sufficient number of meetings of government ministers on important issues before and during the financial crisis. The court was unanimous, however, in not prescribing any punishment for Mr. Haarde and in deciding that Mr. Haarde's legal costs would be borne by the state.



Geir H. Haarde

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For many Icelanders, and undoubtedly foreigners too, the charge on which Mr. Haarde was found guilty—not holding enough meetings—sounds so formalistic and irrelevant as to be absurd. It was as if, in the words of Horace, the mountains had been in labor, and only a ridiculous mouse had been born.

This judgment, or rather nonjudgment, does show, however, that Mr. Haarde's political opponents failed in their real endeavor, which was to hold him and his party, the conservative Independence Party, formally responsible for the 2008 fall of the Icelandic banks. The three charges of which Mr. Haarde was acquitted were that he had neglected his clear duty to take decisive action in the crisis; that he had not prepared sufficiently for eventual dangers to the financial system; and that he had not taken steps to minimize government liability for the overseas activities of Icelandic banks. It was shown to the satisfaction of all 15 judges in the Special State Court, including the judges representing left-wing parties, that in 2007-2008 Mr. Haarde could have done very little, if anything, as prime minister to avert the fall of the banks.

Indeed, it can be argued that the fall of the banks was a blessing in disguise. The Icelandic government, being unable to save the banks, did not bail out reckless bankers, as taxpayers are now being forced to do in many other European countries.

Iceland, with its own currency, has slowly been recovering, building on its traditional resources of fish stocks, waterfalls and hot springs, while other

European nations seem headed for stagnation. The left-wing government that took over in the turmoil of the crisis has gradually been weakened and looks almost certain to lose power in the next parliamentary election in the spring of 2013, if not earlier. However, as the present government ministers believe strongly that the problems of the world can be solved mainly by discussions, there is little danger that they will ever be found guilty, as was Geir Haarde, of not holding enough meetings on important issues.

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