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## JEREMY CORBYN'S VICTORY IS HARDLY PERPLEXING

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**W**hy commentators in the United Kingdom and Europe should be surprised by Jeremy Corbyn's decisive victory in the Labour party's leadership election is anybody's guess. True, his was not a household name, even in the British Isles and when he entered the race earlier in the summer, it seemed to have been practically by default. When early polling in August suggested he had a chance of winning, the British media reacted – with a few exceptions, like a pack of Rottweilers, mauling the left wing member for Islington North and his radical views with gusto. Many pundits got the result of last May's general election wrong but then getting things wrong these days seems to be a badge of honour for those who regularly grace the TV talk shows – be it on European issues, the rise of ISIS or whatever topic is the flavour of the month.

The scale of Corbyn's victory reflects two trends in European politics which have been obvious for some time and which can only get stronger. The loss of confidence in political and commercial elites has been growing in many high-income countries (France, Spain, Italy and the UK) - though less in others such as Germany, for many years now and is reflected in the rise of the populist right, like the National Front in France or UKIP in the UK. These parties identify corrupt elites, foreigners and scroungers as enemies of the ordinary. The populist left for its part sees the political and media elite as subservient to greedy bankers and plutocrats and believes in renationalising some sectors of the economy which have been sold off to private investors during the last three decades.

The depressed real incomes of many middle class people and the persistently high levels of unemployment among the young in countries such as France and Spain since the banking crisis of 2007 have offered fertile soil for strong feelings of discontent. That is now turning into cold rage. In municipal elections last June, the radical left-wing Podemos upset traditional political parties by winning major Spanish cities like Madrid, Barcelona and Valencia from the conservatives. In France, Marine Le Pen might well win the Nord Pas de Calais region and her niece the Provence Côte d'Azur region in the upcoming regional elections later this year. The UK meanwhile surprised everybody by electing the most left wing leader of the Labour Party in six decades. Considering the endless crisis of the Euro, the drama and theatrics over Greece and François Hollande's ever less believable forecasts that the French economy is just about to turn the corner and create jobs again, the puzzle is why this revolt

did not gather steam much earlier. Why did this deep crisis of global capitalism not deliver power to the socialists and social-democrats? After all the deregulation of financial markets and refusal to create a tighter-knit economic union in Europe were projects driven by the centre-right.

What happened in the UK is very significant because Britain is not Greece or Spain. It is one of the world's leading economies, an important player in NATO and the EU, home to a financial city which employs 2.1m people, two thirds of them outside London and generates Sterling 66bn in tax revenues annually. The City is going to have to learn to live with an inexperienced left-winger and convince the new Labour leadership of the worth of its favourite slogan "When the City does well, the UK does well". This might ring true in the south of England – but one could argue that Greater London is a country unto itself, but rings hollow in the swathes of the country where poverty and the dole have been rising inexorably for years. The City can hardly be expected to contribute much to politicians who believe in the overthrow of capitalism but British politicians are famous for being pragmatic: despite his long record of voting against his party in Westminster, Jeremy Corbyn might prove to be a shrewd tactician.

Some observers warned that under the leadership of Tony Blair and Gerhard Schröder, centre-left parties were selling their soul, so to speak, to the devil. They endorsed free-trade agreements with alacrity, large scale deregulation and binding fiscal rules. They pushed for fully independent central banks. Keynesian fiscal strategies were discarded, deficits became a dirty word even in the wake of the 2007 banking crisis. Having abandoned the tools of macroeconomic management, they imposed austerity – nowhere was their agreement with centre-right parties more in evidence than during the Greek crisis. The French Socialist party is following in their footsteps today and will meet disaster at the polls as a result.

Voter's disenchantment with centre left parties has other reasons: they have become the preserve of career politicians; they have ignored the impact of the rising cost of welfare and the impact of non-European immigration; they do not understand that the free market, for all its recent faults has provided a good socio-economic template which explain the huge expansion of the middle class, hence they are neither competent nor credible when they suggest, usually too late, ways of fixing the capitalism's many failing. They forget that the XXth century's greatest economic thinker, John Maynard Keynes was able to craft new ideas about taming the animal spirits of the free market precisely because he accepted it as the basis for our socio-economic model.

European leaders often forget that their predecessors sleepwalked into the Euro. Francois Mitterrand and Helmut Kohl did not understand economics which they dismissed as a boring jargon, one with furthermore stood in the way of history. The first wanted France to lead the new Europe, the second to be remembered for unifying Germany. When the Berlin wall fell in 1989, the former agreed to back German reunification if the second backed his pet project, the Euro. No Socialist Party member in France today dare say that Mitterrand got it completely wrong. Far from building Europe as it was meant to do "the euro did the opposite" in the words of the Financial Times commentator Simon Kuper. It ended the construction of Europe that had begun in Messina in 1955. "Today the European project consists of trying to digest the euro." It probably never will and the consequences of this sorry state of affairs now combine with the crisis on Europe's borders to underline the incapacity of the continent's leaders to anticipate.

Recognition of the huge mistakes of yesteryear is now essential but European leaders are too complacent for that. New radical leaders are fine but protesting is one thing, offering new and original solutions to the difficult issues which the continent faces are another. The Labour Party might split such is the gulf between its activists and

its members in parliament. Some of Jeremy Corbyn's radical economic policies make sense but if his election tempts the prime minister into adopting more extreme policies, British politics might well return to the turbulence of the 1980s. Whether that will contribute in any way to a saner debate in and on Europe, whether the UK even remains in Europe is anyone's guess. What is not in doubt is that the UK and Europe have been shaken to their very core.