

As May faces leadership challenge, Corbyn and Labour make Brexit pitch to employers' groups

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Prime Minister Theresa May is declared “as vulnerable as she’s ever been” to a leadership challenge amid factional warfare in the Conservative Party.

May has faced rebellion from both pro-Remain forces seeking to ensure a “soft Brexit”—maintaining access to the Single European Market—and the “hard-Brexit” advocates who see this as a backdoor method of overturning the result of last year’s referendum decision to quit the European Union (EU). May, who must straddle this divide, is being shot at by both sides.

The Brexit row escalated last week after Chancellor Philip Hammond stated that the UK and EU economies should diverge only “very modestly” after Brexit. Pro-Brexit MPs reacted with fury, demanding that Hammond be sacked for suggesting that the UK would remain in the EU “in all but name.”

Of potential challengers to May, Foreign Secretary Boris Johnson announced that he would be making a speech on the democratic case for Brexit that is intended to upstage a planned address by May. Jacob Rees-Mogg, chair of the European research group of pro-Leave backbenchers, told ITV’s “Peston on Sunday” that, for the moment, he was “being as loyal as could possibly be on the policy question, and I am biting my tongue on the personality question.”

A media campaign was launched to discredit Defence Secretary Gavin Williamson, over an affair and his comments that Russia was preparing to kill “thousands and thousands and thousands” through cyber-attacks on UK infrastructure.

The *Daily Telegraph* leaked a private email by Energy Minister Claire Perry attacking pro-Brexit MPs as “swivel-eyed.” “The ‘sell out traitor mob’ should

be ignored,” she said. “Listening to them means wrecking the economy in the short term and via a Corbyn government delivering a long steady slow decline for the country we love.”

The most serious pro-Remain rebellion occurred when Justice Ministry Parliamentary Under-Secretary of State Phillip Lee raised the question of whether Brexit should be halted, in the aftermath of the leaking of a secret government analysis of the predicted damage to the UK economy.

Lee tweeted that he doubted whether May could “legitimately lead a country along a path that the evidence and rational consideration indicate would be damaging.” Called to appear before the chief whip, he was instructed to “air his views in private” in future.

Lee was responding to a statement by Parliamentary Under-Secretary of State Brexit Minister Steve Baker, falsely asserting that the report had been prepared by civil servants behind the backs of government in a bid to “undermine our EU exit,” using predictions that are “always wrong.” Baker was not disciplined.

Giving vent to growing frustration in the party, backbench MP Johnny Mercer told the *Sunday Times* that at the next general election Jeremy Corbyn “could well be prime minister if we don’t get our shit together.”

Former party chairman Grant Shapps said the prime minister’s loss of authority was making it “excruciatingly difficult” for her to “demand obedience from her cabinet.”

Speculation is growing of a leadership contest, either in May, after the local council elections, or in the autumn when the deal struck with the EU is to be put to Parliament. This would require 15 percent of Tory

MPs, a total of 48, to write to the chair of the backbench 1922 committee, Graham Brady. There are reports of 40 having done so, though it was not disclosed from which side of the factional divide.

Labour Party leader Jeremy Corbyn and his key ministers have responded yet again to the Tory crisis by making a pitch to big business that they represent a viable alternative.

On Monday, Corbyn met in his private office with the leaders of the major employers' organisations, including the Confederation of British Industry (CBI), Institute of Directors and the Federation of Small Business.

He was accompanied by Shadow Chancellor John McDonnell and Shadow Secretary of State for Business, Energy and Industrial Strategy Rebecca Long-Bailey.

Discussions were held in secret but were focused on Labour's Brexit strategy and on the collapse of major government contractor, Carillion.

CBI Director General Carolyn Fairbairn reportedly asked Corbyn whether the UK would remain within the EU Customs Union—and by extension the Single European Market. According to Bloomberg, an attendee said that Labour would rule “almost nothing out in Brexit”—except for a second referendum.

Corbyn is holding out against demands from the Blairite wing of the party that he publicly backs a second referendum.

Open Britain and the Labour Campaign for the Single Market issued a paper with contributions by former shadow minister Catherine West, the leader of the European Parliamentary Labour Party Richard Corbett MEP, and Lord Monks, the former general secretary of the Trades Union Congress, “Busting the Lexit [Left Exit] Myths,” calling for the party to commit to staying in the Single Market and Customs Union. Blairite leadership challenger Heidi Alexander spoke of “real frustration out there, amongst Labour members and supporters about the Party's position on Brexit.”

But to back a second referendum and declare for Single Market membership would alienate a section of Labour voters—likely with no appreciable advantage to Labour—when the “ambiguity” complained of by the Blairites already gives Corbyn the advantage over May's Tories.

Answering his critics on *Peston on Sunday*, Corbyn

insisted, “We wanted to remain and reform but that ship has sailed ... We are not calling for a second Brexit referendum. What we have called for is a meaningful vote in parliament.”

Labour was seeking a “special relationship” with the EU “which is tariff free, which is based on access to that market, and access of Europe to our market,” he added.

This raises the question of what flows from a “meaningful vote” in parliament should this end in rejections of the deal struck by the Tories.

One answer was offered by Len McCluskey, leader of the Unite union, Labour's biggest financial backer and a key supporter of Corbyn. McCluskey urged Labour MPs to oppose in principle any Brexit deal that May puts to parliament this year, in order to help trigger a general election.

He did not support the idea of a second referendum at this point, but did not rule out backing one if MPs failed to reject May's settlement.

He told an event held by the Resolution Foundation think tank: “I'm not saying I'm in favour of it, or my union is in favour of it ... My personal hope and belief is that in later autumn the deal that comes back to parliament will be rejected. It will lead to Theresa May having to resign and it will lead to an early general election in 2019. That then becomes a referendum.”

Corbyn has announced that he will convene a meeting of key members of his shadow cabinet this month, away from parliament, to re-examine the party's policy and strategy on Brexit. Attendees will include McDonnell, Shadow Brexit Secretary Keir Starmer, Shadow Foreign Secretary Emily Thornberry, and Shadow Home Secretary Diane Abbott.

What emerges from such a discussion, whatever left rhetoric Corbyn might employ, will be tailored to Corbyn's key task of convincing the City of London that Labour can function in government on its behalf.



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