The Impact of Federalism on Intraparty Cohesion in Governing Parties:
The Liberal Party of Canada and the British Labour Party

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<u>ABSTRACT</u>

Federalism has played a key role in party politics in Canada. In the case of the Liberal Party of Canada (LPC) it arguably has been more important than ideological positioning in defining the party. The electoral dominance of the party has been widely attributed to its ability to maintain internal party cohesion and to present itself as the party of national unity, best able to manage the challenges of the federation. This paper will first demonstrate that the internal divisions which have plagued the Liberal Party over the past ten years are actually grounded in an earlier difference of opinion on the very issue that has historically been the party's strength, rather than simple personality conflicts and leadership ambitions. Instead, it argues that two conflicting views of the federation and the role of the federal government have been fighting for supremacy within the party, manifested in the leadership conflict. Barely controlled when the party was in power, the conflict has deepened and emerged in full public view in opposition – and in the context of a second leadership race – badly damaging the party's image of unity and its electoral prospects. Secondly, the paper posits that the failure to identify this federalist conflict results primarily from the tendency to view intraparty conflict as unidimensional along a left-right spectrum. It argues a more useful model may be one which considers such conflict to be multidimensional, and which conceives of federalism as a cross-cutting cleavage, or alternative axis, for internal policy conflict. Thirdly, it posits that this model could prove useful in examining intraparty conflict elsewhere where issues of federalism prevail, and provides a brief analysis of the recent internal conflict within the British Labour Party to determine whether debates over Britain's role in the European Union may have played a similar role in the Blair/Brown leadership dispute.

 Introduction

Institutional structures have long been known to play an important role in party cohesion. Parliamentary systems, for example, are generally viewed as a centralizing influence, providing various instruments to ensure party discipline*(Owens, 2003; Strom, 1995)*. Federalism, by contrast, is most often considered to be a decentralizing force. Although this has been widely discussed in terms of interparty conflict (*Steiner, 1974; Heller, 2002*), some theoretical work has also been done on the possibility that federalism can create difficulties for internal party cohesion as well. (*Riker,1964*; *Ozbudun, 1970*; *Habermas 1975, Hix 1995*). However, the role of federalism in actual intraparty conflict has not been examined in detail. One reason is the inherent difficulty posed in trying to assess the nature or degree of any intraparty conflict. Another is the fact most visible manifestations of intraparty conflict tend to be portrayed as leadership battles between party elites, driven primarily by personal ambition. Finally, a more significant underlying problem is the tendency to view policy-driven intraparty conflict as something to be measured along a left-right spectrum, in the same manner as interparty conflict.

This paper instead argues that intraparty conflict should be viewed as multidimensional. It suggests that policy differences over federalism can, and do, pose a significant threat to party unity; on some occasions federalism may even constitute the dominant cleavage. Furthermore, preliminary research suggests that a useful conceptual framework for evaluating intraparty conflict is one which views federalism as a cross-cutting cleavage, in effect providing an *alternative* axis to the traditional left-right spectrum.

Building on Laver and Shepsle's work in identifying party positions on a left-right axis, *(1996),* this analysis uses public opinion and other empirical evidence such as party documents, statements by leaders, and voting patterns, to evaluate the impact on party unity of policy differences along a federalist axis. It examines two governing parties – the Liberal Party of Canada and the British Labour Party – that have recently experienced more than a decade of significant intraparty conflict. The choice of these two parties is particularly relevant given the Westminster-style parliaments in both countries, the absence of coalition governments and the extensive array of mechanisms available to leaders for imposing party discipline.

The evidence strongly suggests an underlying cause of the intraparty conflict in both cases is the emergence of competing views of federalism and political integration. At the same time, the nature of the federalist issues in the two cases is significantly different, providing a broader scope for comparison. In the Canadian case, this conflict was originally caused by an external shock to the system, namely the election of a majority Conservative government in 1984 and its uncharacteristic attempt to impose a different federalist vision from the one entrenched within the Liberal Party. Although the Conservatives' constitutional initiatives were ultimately defeated, the intraparty conflict they set in motion in the Liberal Party under the leadership of John Turner has remained unresolved for nearly twenty years.

With the election of Jean Chretien, a traditional federalist, as leader of the party and the return to majority Liberal governments, the discipline of power in a parliamentary system served to mask, but not eliminate, this conflict. After the forced departure of Chretien at the hands of Paul Martin,

the extent of the intraparty conflict re-emerged in full public view. Martin's substantial policy differences along the federalist axis were epitomized during his brief time in office by his handling of the Adscam scandal in Quebec and his promotion of decentralized, asymmetrical federalism through several *ad hoc* federal-provincial agreements. With the party's 2006 election defeat and current opposition status, this internal conflict took on renewed significance. Most recently it played out in the party's leadership race, which saw the emergence of a self-inflicted internal dispute over the Quebec "nation" issue and arguably contributed to the unexpected selection of Stephane Dion as the new party leader.

The paper then turns to the case of the British Labour Party, another highly successful political party that has experienced mounting intraparty conflict in recent years. Here the public face of the dispute, the competition between Tony Blair and Gordon Brown, has also been portrayed as a clash of personalities between leader and pretender, driven almost exclusively by personal ambition. Indeed, as in the case of Chretien and Martin, the widely accepted view of the Blair/Brown dispute has been that there are virtually no significant policy differences separating either the two men or their supporters within the Labour Party.

However the following analysis instead concludes that at least one significant underlying policy difference does exist, namely the two men's differing views on the appropriate role of Britain in the European Union, and the structure of the European Union itself. Given the British public's ongoing ambivalence about EU membership per se – and the lengthy history of intraparty conflict in the Conservative Party as well as the old Labour Party over adhesion to the Maastricht Treaty, exclusion from the Schengen Agreement and negotiation of a special budget rebate for the UK -- the paper concludes the current debate within New Labour over Britain's acceptance of EMU is merely the most recent manifestation of this ongoing internal party conflict, based on differing views of the goals and objectives of the EU and its most recent political integration efforts.

(1) The Case of the Liberal Party of Canada

Historical Evolution of The Liberal Party's Federalist Axis
Studies have demonstrated that the issues of language, ethnicity and region have traditionally outweighed those of class in electoral politics in Canada. (*Winn and Gingras, 1976)* As one observer put it, "the elimination of binational distrust and the achievement of national unity" was for much of the country's early history "Canada's major political and intellectual obsession." (*Porter, 1968. p.369)* Historically, the Liberal Party of Canada has proven most successful in identifying itself as the party of national unity and pan-Canadianism. This approach successfully positioned even the introduction of the welfare state as part of the nation-building exercise. The emphasis on universality, harmonization and minimum national standards – brought about by a strong central government – paid considerable electoral dividends during the era of cooperative federalism.
The party's success in appropriating the federalist axis for itself has been widely viewed as the underlying factor in its impressive history of electoral success. (*Thorburn, 1976; Winn, 1978 Smith, 1992*). This feat has also been considered crucial to the party's legendary degree of internal

cohesion. (*Whittaker,1977, Wearing, 1980*). As former bureaucrat and Trudeau adviser Senator Michael Pitfield famously remarked, "The Liberal Party has no dogma: its creed is unity – national unity and party unity."

The importance of the federalist axis grew throughout the second half of the twentieth century for a number of reasons. With the selection of a francophone Quebecer, Pierre Elliott Trudeau, to succeed Lester Pearson in 1968, the Liberal Party put in motion a chain of events which appeared to solidify not only the party's identification with nation-building but the coming-of-age of Canadian national identity. Trudeau's "One Canada" vision led to additional policies and symbols designed to create an overarching set of common national values. From a philosophical standpoint, it has been argued that Trudeau's consistent and clearly articulated emphasis on strong central federalism, and on "civic nationalism" as the appropriate solution to the challenge of ethnic nationalism (posed by Quebec sovereignists), touched a deep-rooted chord among Canadians.

One measure of the success of Liberal nation-building initiatives is the extent to which they became identified as fundamental elements of Canadian political culture. Public opinion polls throughout the 1980's and 1990's repeatedly demonstrated that the Charter of Rights, official languages, Canada's multicultural society and national social programs ranked as the most significant elements defining Canadian identity (*Gregg and Posner, 1990*). Not surprisingly, an overwhelming majority of Canadians also consistently identified the Liberal Party as "the party whose values are closest to mine"during election campaigns.(*Pammett,2000; Pammett and Dornan, 2001).*

Still another measure of Liberal success is the degree to which Canadians considered the party the one best suited to govern in terms of the national unity issue. In the 1993, 1997 and 2000 elections, an even higher percentage of Canadians than those who actually voted for the Liberal Party still described it as the party most competent on the national unity file. The Liberals dominated the issue by a margin of 2 to 1 over their nearest rival, the Progressive Conservative Party. In 1997, for example, the Liberal Party achieved a second straight majority government with 40% of the popular vote, but more than 55% of Canadian voters chose the party as the most competent on the national unity issue. (*Nadeau et. al, 2001)*

It is against this historical backdrop of unequalled electoral success and a high degree of intraparty cohesion and party discipline that the recent unprecedented conflict within the Liberal Party of Canada will be examined. In addition to providing confirmation that federalism has served as a cross-cutting cleavage to the traditional left-right axis within the party, the findings support the hypothesis that this alternative federalist axis has often been the predominant one, and in the past two decades has become a growing cause of the unprecedented collapse in party cohesion.

Origins of the Liberal Intraparty Conflict
Literature on party change suggests that leadership change or a change in the dominant faction within a party are the most likely causes of significant changes in party policy or strategy.

(Harmel and Janda, 1994) The changes in party leadership of both the Liberal Party in 1984 and the Progressive Conservatives the previous year provide dramatic confirmation of this thesis, since both leaders proceeded to take their parties in significantly different, indeed unprecedented policy directions. *(Carty, 1988)* For the Liberal Party, this new direction began when Prime Minister Trudeau announced his retirement from politics after 16 years in power. The selection of a new Liberal party leader at the 1984 convention marked a clear change in policy direction for the party, both in terms of the left-right axis and more importantly for the federalist axis. In fact, as events soon demonstrated, the new leader's position regarding federalism was not simply a change of direction but an about-face.

With the constitutional amendment problem resolved in 1982, but the economy in disarray, there was considerable concern within party ranks that conditions could be ripe for one of the infrequent Conservative Party interregnums brought about by voter fatigue and the emergence of a major economic crisis. The party elites believed Trudeau's successor should be a new face and a competent fiscal manager if they were to have any hope of staying in power. In turning to Trudeau's former Finance Minister, John Turner -- who had presided over the last federal surplus and then resigned from government nearly a decade earlier -- they made a conscious decision to ignore the federalist axis as a source of voter support, as well as abandoning their traditional emphasis on social policies. Instead they focussed on Turner's right-of centre "business Liberal" image. As one of the most senior Liberal organizers of the day later admitted, this was a fatal error. (*Davey, 1986*)

Turner's only serious opponent, Trudeau's former Justice Minister (and lead minister on the constitutional reform package), finished a strong second with the support of a majority of the grassroots delegates.[i] Jean Chretien had actually campaigned for the leadership stressing his support for the Trudeau vision of federalism, criticizing what he perceived to be Turner's ambivalence towards it. Several incidents during the leadership campaign itself, including Turner's comments on bilingualism policy and intergovernmental relations, demonstrated that Chretien had cause for concern. Turner's position on the federalist axis was not merely ambivalent but actively opposed to that of Trudeau. Although this revelation caused momentary concern within party ranks, the full extent to which Turner was not in step with the majority of party members on the federalist axis did not become evident until some time later. Meanwhile, Turner's perceived "winnability" factor – his popularity with the general public and solid economic credentials -- were sufficient for him to secure the leadership.

During the 1984 federal election that followed, cracks in the Liberal Party's solidarity began to emerge as Turner downplayed the record of accomplishments of his predecessor. Apparently unwilling to defend the 1982 constitutional amendment package, he also wavered on his commitment to the Liberal government's official bilingualism policy in the face of opposition by Quebec nationalists. It was this surprising reluctance to defend the federalist legacy of past Liberal governments – *and not his right-of-centre economic policies* – that led to equally unprecedented criticism of the new Liberal leader by former party strategists during the actual election campaign. (*Weston, 1986*) It also led to the extraordinary situation in which *the new leader of the Conservative Party, who came from Quebec, was described by several observers as*

having assumed the mantle of Trudeau because of his more convincing defence of bilingualism and the 1982 constitutional amendment. (*Clarkson, 1988*)

The Liberals not only lost the election to the Conservatives but were reduced to their second-worst standing ever, retaining only 40 seats. While many analyses of the 1984 election concluded the Liberals likely could not have won the election, they also placed the blame for the extent of the Liberal loss squarely on the shoulders of the new leader. (*Frizzell and Westell, 1985*) Some believed his atypical platform and performance had been responsible for more than half of the seats lost. As independent national pollster Angus Reid concluded "the Liberal campaign failed to adequately distinguish between the public's desire for a change in management but not in policy. In the early weeks of the election campaign the Liberal Party was 'mis-positioned' because it appeared to have kept the management and changed the policy."[ii]

The 1984 election has been described as a watershed in Canadian party politics for several reasons. In addition to the extent of the Liberal loss, another striking element was the fact that a Conservative victory had been forged from a merger of western populists and Quebec nationalists. Liberal support in western Canada had peaked in 1974, so the shift in western votes to the Conservatives a decade later was less significant. But the collapse of the Liberal party's support in Quebec in 1984 was groundbreaking, (a stunning reduction from 74 seats to 17), leading some observers to question whether a realignment of political parties was underway. (*Frizzell and Westell, 1985; Penniman, 1988*).

In the end this did not prove to be the case. Several studies of the 1984 election concluded the election results had not represented a significant permanent shift in voter support. (*Kay et al, 1985*) Instead the Mulroney Conservatives' victory was attributed to the characteristic voter fatigue with the natural governing party after nearly two decades in power. And, with the new Progressive Conservative government's performance on both social and economic policy widely criticized from its early days, one detailed analysis published in 1986 concluded the Liberal Party had already regained much of its previous support after only two years. Barring major unforseen circumstances, the study concluded the Liberals would have a good chance of returning to power in the next election. (*Jeffrey and Terry, 1986*)

Unfortunately for the Liberal Party, a major unforseen circumstance emerged shortly thereafter. As the literature on party change has demonstrated, "external shocks" beyond the control of party leadership often have proved to be "critical events" leading to the dissolution of coalitions, or to major intraparty conflict. (*Frendreis, Gleiber and Browne*, 1986; *King et al*, 1990). In the case of the Liberal Party of Canada, its renewed popularity led the governing Conservatives to take action on the federalist axis, an unexpected move which the Liberal leadership – now as the opposition party in parliament -- was powerless to prevent. Public opinion polls in early 1986 consistently indicated Liberal support in Quebec had returned to traditional pre-1984 election levels. At 54% of decided voters, the Liberals' popular support was more than 25 percentage points higher than the governing Conservatives. As a result the Mulroney government, conscious of its dependence on Quebec voters to remain in power, decided to pursue an extraordinary agenda of constitutional reform in order to cement its support and stop the Liberal resurgence. Arguing that he wanted to

"complete" the work of former prime minister Trudeau by "bringing Quebec into the constitutional fold", the new Conservative prime minister placed his party's policy agenda firmly on the federalist axis for the first time in more than a century. (*Cohen, 1990*)

Mulroney's two constitutional reform initiatives to attract Quebec voters – the Meech Lake Accord and the Charlottetown Accord -- did not simply fail. Belying the original impression of Mulroney created during the 1984 election campaign, as someone who could be expected to follow Trudeau's federalist approach, both of his initiatives articulated a competing vision of Canadian federalism antithetical to that of the Liberals. The heavily decentralist thrust of the measures in both Accords was striking. The perceived limitations on the Charter of Rights and national social programs and concessions to Quebec nationalism not only caused consternation in Liberal ranks but found no resonance with the Canadian polity. *(Behiels, 1993; Jeffrey, 1992)* Observers have concluded these constitutional reform efforts were a significant factor in the demise of the Progressive Conservative Party in 1993.(*Bernard, 1995; Carty et al, 2000*).

The Negative Impact of the Meech Lake Accord on Liberal Party Cohesion
For the Liberal party the impact of the Conservatives' failed constitutional initiatives was somewhat less obvious but, in the long run, almost as severe. Indeed, I argue that the Meech Lake Accord should be viewed as a classic "critical event" in the party's evolution. From a highly cohesive party which had weathered the shock of finding itself in opposition in 1984, and pulled together behind the new leader despite misgivings over his position on two other critical policy issues, (cruise missile testing and the free trade agreement) the Liberal Party quickly descended into internecine warfare once the Meech Lake Accord was introduced in 1987. In theory Mulroney's initiative should have provided the Liberals with a tailor-made opportunity to restore their electoral fortunes. With the Meech Lake Accord so clearly opposed to the traditional Liberal view of federalism, a vigorous parliamentary opposition to that proposal likely would have allowed the Liberal Party to renew the Liberal "brand" and reinforce national unity. Yet this did not happen. Instead, John Turner officially offered his support for the Mulroney agreement and plunged the party into crisis.

There were a variety of reasons for Turner's sudden departure from the traditional Liberal federalist perspective. First, as we have already seen, the party's new leader was actually sympathetic to the content of Mulroney's initiative and to further decentralization of the federal system, even though the overwhelming majority of his parliamentary caucus and extraparliamentary membership were not. Second, the party found itself in the unaccustomed role of opposition in a parliament with a huge government majority. Whatever its views on the Meech Lake proposal, the Liberal caucus would be unable to effect change. Thirdly, Turner was not entirely without support. There was a small but vocal minority within the party who were not supportive of the Trudeau vision of federalism, seeing it as too extreme an extension of the Laurier-Pearson approach to cultural diversity and an overly aggressive assertion of federal powers vis a vis the provinces. Many of these Liberals were new to the party, attracted precisely by the selection of Turner as leader. Within the Liberal caucus, nearly half of the MPs elected in 1984 were newcomers, and nearly half of those were former provincial "Bourassa" Liberals from Quebec. Finally, both the leader and the party elites recognized their loss of seats in Quebec had

cost them the 1984 election. With the party's fortunes on the upswing in Quebec as of 1986, internal conflict emerged between those who believed support for the Conservative proposal would help them regain seats in that province in the next federal election and those who believed it would not. A smaller but influential group simply did not care, arguing the proposal was too egregious to be supported regardless of its potential implications for an election.

The internal dissent over the Meech Lake Accord spilled over into public view repeatedly between 1986 and the 1988 federal election, with many unprecedented developments in terms of party discipline. Soon after Turner indicated that he would support the Accord and expected his caucus to do the same, the party's traditional support for its leader – right or wrong – was shattered. *More than a dozen Liberal MPs made public the fact they opposed the deal. Former Prime Minister Trudeau broke the silence he had maintained since his retirement and publicly criticized the Accord on two occasions. Former Trudeau cabinet ministers and members of the party's national executive, including the party president, followed suit.*

Faced with a potential revolt within the caucus as well as in the larger party, Turner fashioned a compromise. He tabled a package of Liberal amendments to the Accord in the House of Commons, to which all caucus members had agreed. This was hardly surprising since, taken together, the amendments would have neutralized virtually all of the offensive provisions of the Accord. However Turner continued to insist that, once the amendments were defeated by the government, (as Mulroney had indicated they would be, given his huge majority), the Liberal caucus should vote in favour of the unamended accord.

Turner's determination to support the Mulroney accord led to more unprecedented dissent in the Liberal caucus. In the vote on second reading in the House of Commons, an extraordinary13 Liberal MPs out of a caucus of 40 voted against the Accord. In the final vote, ten Liberal MPs did so again. One MP who had been a minister in Trudeau's cabinet, (Donald Johnston) actually left the caucus to sit as an "Independent Liberal". Turner's problem was compounded by the fact the Liberal majority in the Senate were strong supporters of the Trudeau vision. Although the Liberal Senators agreed in the end to support Turner's amendment package, they took their opposition to the Accord one step further. They first delayed passage of the Accord for the 180 days provided in the constitution, and then passed the bill with all of the Liberal amendments included, forcing it to be returned to the House of Commons for a second vote

This blatant caucus insubordination over Meech Lake was particularly striking in view of the fact a large number of MPs did not support the leader's position on two other crucial policy issues of the day – cruise missile testing and the Free Trade Agreement (FTA) with the United States. Neither of these internal conflicts led to any overt manifestations of party disunity. Indeed, on those issues the dissidents behaved in typical Liberal fashion, voicing their views loudly in caucus and then quietly voting along party lines. While the cruise missile issue could be viewed as a short-term issue, the FTA was described by many Liberals MPs as "something that could change the face of the country forever."[iii]

[Table 1 about here]

(Comparison of levels of internal dissent on key policy issues)

In addition to the collapse of voting discipline, other public evidence of the Liberals' cleavage along the federalist axis became more frequent over time. In the summer of 1987, and again in the spring of 1988 -- only months before the expected federal election call -- some 22 Liberal MPs launched unprecedented caucus revolts demanding the resignation of the Leader. The link between Turner's position on the Meech Lake Accord and the caucus insurrections was clearly spelled out by leaders of the revolt, including the party president. But despite their majority they were unsuccessful in removing him. Turner categorically refused to step down and, unlike the practice in British parties, there was no mechanism in the Liberal Party constitution to force him to do so.

However both Turner and the party were deeply wounded. Indeed, the Liberal Party's uncharacteristic public display of intraparty conflict was considered by most analysts to have played a crucial role in its 1988 election defeat. *(Fraser,1989; Frizzell et al, 1989; Clarke et al, 1991).* Despite the deep unpopularity of the Mulroney Conservatives by the time of the election call, the Liberals had lost their electoral advantage because of their well-publicized disunity. The Liberals' opposition to the Conservatives' free trade agreement with the United States was shared by a majority of voters, but the Liberal Party was unable to capitalize on this support during the campaign, despite the collapse in support for the NDP which also opposed the deal. A series of Conservative ads that portrayed the Turner Liberals as weak, divided and incapable of governing were a key element of the Mulroney government's eventual recovery and return to power. *(Frizell et al, 1989)*

Most importantly, the Conservatives continued to retain a significant hold on their new Quebec base, as the Liberals' mixed message about the Meech Lake Accord had cost them support among committed federalists in the province as well as soft nationalists. Thus while the Liberal share of the popular vote increased nationally and the party doubled its representation in the House of Commons to 83 seats, *the party's situation in Quebec actually deteriorated*. From a previous low of 17 seats in 1984, the Liberals fell to a mere 12 seats in that province in 1988. As a result the Conservatives were unexpectedly re-elected with a second majority government in 1988 and the Liberal return to power was delayed until 1993. Nor did the conflict arising from Meech Lake end with the 1988 election. As former Trudeau adviser Tom Axworthy declared "For the Liberals, Meech Lake is the issue that will not go away, nor should it."[iv]

The Role of the Federalist Conflict in the 1990 Liberal Leadership and the 1993 Election
After his second electoral defeat, John Turner indicated in 1989 that he would be stepping down as party leader. A convention to replace him was scheduled for mid-1990. Meanwhile the Meech Lake Accord, which had been passed by the Parliament and nine provinces, still required the approval of the province of Manitoba before the deadline of June 1990. This was increasingly in doubt. A minority government had been elected in that province in the past year, and the provincial Liberal opposition leader was a strong opponent of the Accord. The premier had not yet put the agreement before his legislature for fear its defeat could be viewed as a vote of non-confidence. In addition, a new premier had been elected in the province of Newfoundland. Clyde

Wells was both a Liberal and a disciple of Pierre Trudeau, and he had threatened to rescind that province's approval of the Accord.[v]

It was in this context that the Liberal Party of Canada's leadership race unfolded, a race that arguably became a referendum over the Meech deal. Only two candidates had any chance of winning, and delegate support for those individuals eventually hinged on one issue – the candidates' position on the Meech Lake Accord. The frontrunner in the 1990 race, Jean Chretien publicly opposed the Accord. His chief opponent, Paul Martin, (a Turner supporter in the past), was adamantly in favour of the Accord. More significant still, Martin's leadership organization and delegate support came overwhelmingly from the minority dissident group within the party that had supported Turner.

The importance of the candidates' views on the Accord was graphically demonstrated at the actual leadership convention. Most party members supporting Chretien wore buttons opposing the Accord. Many delegates supporting Martin sported pins in favour of the deal. The Accord died the day prior to the leadership vote, when the Manitoba legislature failed to ratify the agreement. The following day Chretien won the leadership of the party decisively on the first ballot, with Martin finishing a distant second. Adding to the symbolism, both Trudeau and Clyde Wells attended Chretien's victory celebration. Virtually all observers agreed the party had returned to its Trudeauvian roots, sending a strong signal opposing the decentralist approach to Canadian federalism. Certainly this was the perception of the defeated Martin supporters, many of whom failed to rally around the new leader. Even more striking, several of them left the arena after ripping up their Liberal party membership cards. One high-profile Quebec MP who had supported both Martin and the Meech Lake Accord went further. Jean Lapierre quit the party to become one of the two founding members of a new federal separatist party, the Bloc Quebecois. Mulroney's second effort, the Charlottetown Accord, was put to a national referendum in 1992. Although all parties tacitly supported the deal, Jean Chretien did not actively campaign in favour of the Accord. Paul Martin, on the other hand, did so with considerable conviction. In addition, Martin's former national campaign co-chair, Michael Robinson, served as the Liberal representative on the all-party organizing committee of the YES campaign. Victory appeared certain for Mulroney until former prime minister Trudeau spoke against the Accord at a non-partisan event in Montreal. The tide of public opinion turned overnight. In the end the referendum results handed Mulroney a stunning rebuke. The Charlottetown Accord was decisively defeated both overall and in almost all provinces, including Quebec. As one prominent national journalist wrote the following morning, "The Trudeau Vision Won."[vi]

The 1993 election subsequently saw the Liberal Party return to power with a significant majority of its own. The Liberals' innovative Red Book contained one extraordinary commitment that was repeated personally by Jean Chretien on several occasions. In recognition of the negative

impact that Mulroney's failed initiatives had had on public confidence and national unity, Chretien promised to avoid any further attempts at constitutional reform. Coupled with a typically centre-left Liberal platform stressing the need for new social policies to buttress the welfare state, the message achieved its purpose of returning the party to government. The Liberals not only regained national support but improved their level of support in Quebec.(*Carty et al, 2000*). In effect, the Liberal Party remained the only national party still standing.

The Role of Parliamentary Government in Maintaining Liberal Party Cohesion: Comparing The Fiscal Crisis and the National Unity Crisis (1993-2000)

If the central hypothesis of this paper is correct and the origins of current Liberal Party disunity are rooted in the party's divisions along the federalist axis that began with the Meech Lake Accord, one obvious question arises. Why did this internal conflict seemingly disappear after 1993? Put another way, why did it only emerge again publicly after more than seven years of Liberal majority government under Jean Chretien? I argue the centralizing effects of the parliamentary system were the most relevant factor in maintaining party cohesion during this period, despite the continued existence of the underlying internal federalist conflict.

To begin with, Chretien had returned the party to its federalist roots, so that no widespread discontent was likely to emerge among the party's grassroots. As well, with Chretien having promised there would be no new constitutional initiatives, the federalist axis of party policy appeared to be irrelevant for the time being. And, as an experienced politician and veteran strategist, Chretien was able to use a wide panoply of parliamentary carrots and sticks to maintain party discipline and silence the minority dissidents now clustered around Paul Martin.

Simply put, with the return to power of the Liberals in 1993, the so-called discipline of power was capable of masking the real extent of the internal divisions of the party for a considerable period of time. In addition, the party's disastrous experience during the Turner years had convinced both the parliamentary and extraparliamentary wing that party cohesion was essential for Liberal victories and any further public display of disunity would be fatal for the party.

Nevertheless Chretien faced two major unanticipated challenges during his first term of office

which, in theory, were of such magnitude that they could have provoked major problems in terms of party unity. The first was his response to the massive national debt left by the Mulroney Conservatives, which he believed threatened to place federal fiscal policy in a straightjacket. This "fiscal crisis" was shortly partnered with a "national unity crisis" when the provincial separatist government in Quebec announced it would hold another referendum on sovereignty. A comparison of the internal response to Chretien's handling of these two critical events demonstrates, yet again, the overarching importance of the federalist axis and the severe strain the dissenting opinions along that axis placed on the government, despite its majority status.

In the first instance, Chretien concluded the state of the country's finances required a number of unpopular cost-cutting measures and legislative reforms in the name of deficit reduction Ironically, Finance Minister Paul Martin and his supporters at the "business Liberal"end of the left-right spectrum were already philosophically inclined to support these measures, so that Chretien did not have to worry about dissent from that quarter. Instead it was the centre-left majority, who supported Chretien, who were obliged to accept what most viewed as a near-betrayal of traditional party policies in order to achieve a balanced budget. In addition to significant reductions in federal program spending, Martin implemented a number of changes to the federal-provincial cost-sharing programs. The measures caused considerable concern among supporters of the traditional Liberal approach to the welfare state. Some independent critics argued the changes would have the effect of eliminating universality, while others feared a reduction in minimum national standards and a transfer of onus to individuals or the private sector from the state. *(Boismenu and Jenson, 1999; Kincaid, 1999; Osberg, 2000)* Yet Martin received unwavering public support for his efforts from the Prime Minister, a fact he later acknowledged when Chretien stepped down as leader. According to several insider accounts, this support was given despite Chretien's personal unhappiness with many of the decisions, because he felt it was essential for a prime minister to demonstrate solidarity with his finance minister if the objective were to have any hope of success. *(Delacourt, 2003; Goldenberg, 2006*) Subsequent revelations by many key "social Liberals" in the cabinet during that era substantiate his conclusion. In spite of widespread discontent on the part of the majority of his ministers, none broke with cabinet solidarity and, in fact, all defended the deficit-reduction exercise vigorously in the face of public criticism because "we were all in this together." (*Tobin*, 2003, *Copps,* 2004)

Significantly, the only occasion on which Chretien refused to back one of his Finance Minister's budgetary proposals was when Martin advocated cuts to the national pension scheme. As his closest adviser later confirmed, Chretien's explanation for his rejection of the proposal was not based on the fact that it was too right-wing a measure, but *because of his concern that it could harm national unity by providing ammunition to the separatists in a future election campaign. (Goldenberg, 2006).*[vii] In the end the Liberals succeeded in balancing the budget by 1997 and Martin as Finance Minister received considerable recognition for the feat.

A very different scenario played out with respect to the national unity crisis. Another external shock, it arose because the Quebec provincial separatist party, the Parti Quebecois, (PQ) had taken power in 1994, largely as a result of the failed Meech Lake Accord. The new separatist premier, Jacques Parizeau, wasted little time in announcing in early 1995 that he would hold

another referendum on sovereignty. Having opposed the Meech Lake Accord, Jean Chretien found himself the target of separatist propaganda during the referendum period. He originally limited his own participation in the campaign at the suggestion of his Quebec provincial counterparts, who argued they could ensure victory without him. Instead a number of his Quebec ministers participated in "No" campaign events. One of these early interventions, by Paul Martin, was a public relations disaster that convinced Chretien he had been right to question Martin's judgement about Quebec and federalism, just as he had questioned Turner's grasp of those issues. (*Cardinal,2005; Goldenberg, 2006*)

A variety of unexpected events during the second half of the campaign, including a change in the referendum question and in the leadership of the separatist side, eventually convinced Chretien and the federal Liberals that the outcome of the referendum was far from certain. They then launched a series of eleventh-hour interventions. Chretien himself began to campaign prominently. He even delivered a televised address on the eve of the vote in which he committed his government to a number of measures, some of which he had earlier rejected, in order to win a "No" vote. These actions salvaged a slim victory for the No forces, but the results were far closer than expected. As a result, Chretien soon announced his intention to launch a ten-point plan to tackle the what he viewed as the root causes of separatist support head-on, and spent much of the next eight years implementing that plan. Among his first efforts was the recruitment of Quebec academic, Stephane Dion, who was known to be a strong supporter of the Liberals' federalist perspective. Dion was made intergovernmental affairs minister. From this post he then launched an aggressive communications exercise, defending the actions of the federal government and responding through open letters published in the national media to any statements by Quebec separatists which he considered to be inaccurate or misleading. Another project, known as the sponsorship program, was designed to heighten the presence of the federal government across the country, but especially in Quebec. (This program would eventually become the source of the "Adscam" scandal when the misappropriation of funds was discovered by the Auditor General.

An underlying and lasting effect of the referendum crisis was the fact that virtually all policy issues considered by the Chretien government, and especially by the prime minister, were now coloured by their implications for Quebec**.** As cabinet minister Herb Gray later said, the prime minister's "biggest theme" was a united country, and "he would talk of how important it was for him to leave office with the situation calm in Quebec." This point of view was echoed by Art Eggleton, another cabinet veteran who told journalist Lawrence Martin "in every cabinet meeting I was in there was nothing more important than the political situation in Quebec. Nothing close."[viii] Chretien himself testified before the Gommery Commission in 2004 that "For the next eight years, the unity of Canada was my number one priority as Prime Minister...It was never an issue of party, it was always an issue of country. I was determined that there would be no winning conditions for the proponents of separation."[ix]

The more aggressive "Plan B" approach of the Chretien Liberals marked a decisive reinforcement of the Trudeau vision with which Martin was increasingly uncomfortable. Like Turner, his preferred approach to Quebec nationalism was one of compromise and conciliation, in which the informal transfer of powers to the province to obtain federal peace was preferable to confrontation and the defence of strong central federalism. In particular Martin was opposed to key legislation

which Chretien was determined to put forward known as the Clarity Act.[x] The bill was designed to ensure a clear referendum question and set the parameters for any future Quebec referendum. Although a Supreme Court reference handed Chretien the constitutional justification for his plan, Martin continued to be uneasy, convinced it was not only unduly confrontational but that it would result in political difficulties for the Liberals in Quebec in the next federal election. In the end, Chretien took the extraordinary step of declaring there would be no cabinet debate on the bill. Moreover only he and Stephane Dion would speak about the details of the bill and answer questions.

Because of the convention of cabinet solidarity, public evidence of Martin's dissent is necessarily circumstantial but persuasive. When debate began in parliament on that legislation, Martin remained conspicuously absent from the House of Commons and refused to give interviews on the subject. The Finance minister made it clear he was unwilling to defend the bill in the same manner that his left-wing cabinet colleagues had defended his deficit-reduction efforts. At one point Martin declared publicly that his reluctance to say anything stemmed from Chretien's injunction that only he or Stephane Dion would speak about the bill on behalf of the cabinet. This led Chretien's senior adviser, Eddie Goldenberg, to retort that assigning spokesmen to disccuss the details of the bill did not prevent any minister from expressing his support in principle. "He wasn't told to run up the stairs when asked whether he supported the bill", Goldenberg said. "It doesn't mean that you are not allowed to say you support a bill when you are asked."[xi]

Martin continued to make a point of avoiding all public commentary on the bill, and after four days of silence he was being actively pursued by members of the national and Quebec media who sensed that a significant conflict existed between him and the prime minister. Even the new separatist premier of Quebec, Lucien Bouchard, was raising the issue of Martin's support. "What does Paul Martin think?" he asked in one interview several days after the federal government's intentions were made known.[xii] In the end Martin could not avoid the issue. His official comment on the bill before it was tabled was a lukewarm, clearly reluctant endorsement. "On questions of national unity the prime minister speaks for Cabinet", Martin said, "he speaks for all of Cabinet and I am a member of that Cabinet..."[xiii] Pushed to say more in a scrum as he was leaving the House of Commons, he concluded somewhat lamely "I think matters ought to be clarified."

Despite the constraints on Martin himself, a number of senior Martin supporters outside of caucus, (and therefore outside of the purview of parliamentary discipline), actively lobbied individual MPs against the bill in the hopes of causing sufficient dissension to force its withdrawal. Former Quebec MP Dennis Dawson, a prominent Turner supporter and Martin leadership organizer who had campaigned vigorously for Meech Lake and Charlottetown,, spearheaded these efforts. In addition one of the more prominent MPs known to be supporting Martin, Joe Volpe, spoke at length against the bill in caucus as a perceived spokesperson for Martin's views. *(Delacourt, 2002)* In the end, *and again unlike the deficit-reduction exercise*, Chretien was forced to bring to bear the many sticks provided by the parliamentary system in order to keep caucus opponents of his initiative in check. Martin was obliged by cabinet solidarity

to support the bill. Martin's supporters in caucus also had to follow suit, since Chretien had made it clear he would declare the measure a matter of confidence if necessary.[xiv] At the final vote on the bill in the House of Commons, no Liberal MPs opposed the measure, *but some 21 Liberal MPs were either absent or abstained on one of the most important pieces of legislation introduced by the Chretien government.*

The *Clarity Act* also became the focal point of debate at a convention of the Liberal Party's Quebec wing later that month, when a resolution opposing the bill was expected to be put forward. Chretien advisers had anticipated this challenge and were successful in launching the debate about the bill on their own terms, by tabling a counter- resolution supporting the bill. A strenuous exchange ensued on the floor of the convention between Chretien adviser Francoise Ducros and Dennis Dawson. Dawson described the bill as "unnecessary provocation" while Ducros argued it was "essential if the federal government was going to demonstrate the strong leadership necessary to curb nationalist ambitions." In the end the resolution passed easily, confirming the dominance of the Trudeau federalist perspective even among Quebec Liberals.

Martin's Decentralist Approach and Asymmetrical Federalism
Once the federal deficit was eliminated in 1997 Martin began to encounter increasing resistance from Chretien to his plans as Finance Minister. Interested in promoting a number of measures that required federal-provincial cooperation, he argued for a more relaxed approach to the question of national standards and for a greater degree of flexibility to establish asymmetrical agreements, in order to reach some type of agreement if only some provinces were willing to participate in a program. Chretien, on the other hand, was intent on re-establishing the federal presence in the area of social programs, which had been reduced due to the deficit reduction effort. When agreements could not be reached with all provinces on proposed national childcare, pharmacare and social housing plans, he proceeded to instruct his Finance Minister to introduce a variety of unilateral federal measures through the taxation system to accomplish his social policy objectives by other means. There would be no bilateral deals, and no deviation from the concept of minimum national standards. (*Jeffrey, 2006*)

The philosophical conflicts over federalism during the first seven years of the Chretien mandate were naturally not the only source of disagreement between the two men, but they were a fundamental element. More importantly, they formed the basis on which many of Martin's supporters had become involved on his behalf in the first place, so that their views were already formed regardless of the leadership issue. When the internal conflict surfaced in a public forum, however, the significance of the underlying philosophical differences – both on the left-right and the federalist axis -- tended to be overlooked by the media in favour of arguments based on personality conflict and personal ambition.

For his part, the prime minister had indicated to his key advisers on several occasions that *his primary concern when considering whether to remain in office was the situation in Quebec, where a separatist government was still in power. It was his firm conviction that Martin, a decentralist like Turner, would not be able to cope with any future threat and might well cause*

further damage to national unity building on the constitutional reform mistakes of Mulroney.
(Martin, 2003; Goldenberg, 2006). In an insightful column that garnered little attention at the
time, Quebec columnist Lysianne Gagnon stated the case directly: "Quebec is why Jean won't let
go". XV   In the end Chretien called an early election in 2000 and won an unprecedented third
majority government. The Liberals also increased the size of their majority yet again, and their
representation in every region of the country. *But the most important result was their greatly*
increased representation in Quebec, where concerns about the impact of the Clarity Act were
evidently unfounded.

Nevertheless Chretien began to face growing and increasingly open challenges to his leadership
by Martin and his supporters. Significantly, despite numerous disagreements over conscience
issues such as same sex marriage and the decriminalization of marijuana, or foreign policy issues
such as the refusal to join the American invasion of Iraq, the straw that broke the camel's back
was an issue related, once again, to the federalist axis. Intent on carving out a visibly different
policy niche for himself in order to frame his dissent in a more acceptable and substantive manner
than personal ambition, Martin had begun pursuing the idea of a "cities agenda" some time
earlier. His conviction that municipalities in Canada were becoming increasingly important in
terms of policy implementation, but lacked any financial clout because of their domination by
provinces, was widely shared. (Indeed, Chretien himself had addressed this concern by instituting
a cost-shared municipal infrastructure program with provinces.) *But Martin's belief that the*
solution was for the federal government to transfer money directly to the municipal level was not.
Chretien rejected the approach out of hand as not only unconstitutional but counterproductive to
good federal-provincial relations. ""We (the federal government) don't deal directly with
the cities. They are under provincial responsibility. We are not in a position to give them
more power. They are the creation of the provinces." *(Delacourt, 2003).*

When the Prime Minister requested Martin make changes to a major speech he was scheduled to
deliver to the Federation of Canadian Municipalities in June 2002, to clarify his position about a
"new deal" for cities, Martin refused, and a decade-long alliance of political convenience
disintegrated. Martin left cabinet over the issue, and soon began planning a takeover of the party
apparatus in order to ensure Chretien would not receive sufficient support at the scheduled
leadership review vote a few months later. Chretien eventually agreed to step down in eighteen
months, provoking a lengthy leadership race in which Martin was the certain successor.

In a situation highly reminiscent of the Turner scenario in 1984, Martin easily won the leadership
race and was declared the new leader of the Liberal Party in November 2003. Yet evidence of the
underlying intraparty conflict surfaced even at his coronation. In the traditional farewell address
of the outgoing leader, Jean Chretien received four standing ovations. The loudest came when he
spoke of the Clarity Bill. In addition, a survey of convention delegates who were declared Martin
supporters revealed that more than 60 % of those supporters were unaware of Martin's previous
positions on the federalist axis. Notably, they were unaware of his support for the Charlottetown
Accord and opposition to the Clarity Bill. In another development reminiscent of the Turner
leadership campaign, Martin supporters cited "personal popularity" and "elimination of the
deficit/record of economic achievement" as the two most significant reasons for their support.

Martin's New Quebec Policy
Martin took over as Prime Minister in early December 2003. Almost immediately, he
demonstrated significant differences in his approach to national unity and intergovernmental
relations, key elements of the Liberals' federalist axis. When a second report of the Auditor
General uncovered further evidence of financial wrong-doing within the sponsorship program
implemented after the 1995 referendum, Martin ignored internal party pressure to allow the
criminal investigation that Chretien had ordered before leaving office to take its course. Instead,
he launched a full-scale public inquiry. Martin's self-described "Mad as Hell" campaign saw the
new Liberal prime minister attack not only his predecessor but much of the Liberal Party
organization in Quebec. Predictably, many prominent Liberals including key Chretien supporters
in the parliamentary and extraparliamentary wings began to speak out publicly, accusing Martin
of a personal vendetta but also of failing to understand the dynamics of Quebec politics.

Martin's unexpected approach to the sponsorship issue proved devastating to the party's fortunes
across the country, but nowhere more so than in Quebec. At the time of Chretien's departure from
office after ten years in power, support for the Liberals had been holding steady at an
unprecedented 46% nationally, a feat unequalled amongst other western political parties.
(Marzolini, 2003) In Quebec, support for the Bloc Quebecois had plummeted, leaving most
observers to conclude that party could be decimated in the next federal election. Moreover,
support for separation was at its lowest point in decades, suggesting the plan B approach to
Quebec nationalism had been highly successful. Pundits routinely spoke of an increased majority
as the most likely scenario for a Martin government in the eventual election. Within two weeks of
the Gommery announcement, however, it was Liberal support that had plummeted, including an
unheard-of drop of 18 percentage points in a 48-hour period.

[Tables 2 and 3 about here]
(Support for separation, concern about economic well-being in separate Quebec)

Although it had been expected Martin would call an early spring election, the fallout from the
sponsorship scandal and a variety of other factors caused him to delay dropping the writ until June
2004. During this six-month period in office, further evidence of the party's underlying conflict
along the federalist axis emerged. Martin surprised virtually everyone with the sudden
appointment of the former Turner Liberal MP and co-founder of the Bloc Quebecois, Jean
Lapierre, as his Quebec lieutenant. The move drew considerable criticism from the party rank and
file as well as many of Martin's own supporters in caucus and cabinet. Not only had Lapierre sat
in parliament as a Bloc MP before leaving politics altogether several years earlier, but he had left
the Liberal party in a rage after the defeat of the Meech Lake Accord. Despite the criticism,
Martin defended the appointment as both necessary and politically astute, *claiming that it would
help to broaden the party's base of support still further in Quebec by appealing to soft
nationalists. Indeed, the Martin team's game plan for the election, spelled out frequently by David
Herle, was to build an even larger majority government by attracting the same two groups that
had provided support to the Mulroney Conservatives – westerners and Quebec nationalists.[xvi]*

Eventually Martin called the election in June 2004. With Liberal support at roughly 39%, the chance of a majority was much less certain than three months earlier, but most observers believed the effects of the sponsorship scandal had already been factored into this number, and the Liberals were unlikely to fall much further on that account. However, from the onset of the election campaign Martin not only failed to build on the accomplishments of his predecessor but made further efforts to distance himself from the Chretien legacy, particularly with respect to Quebec. At the same time he failed to identify a compelling alternative vision. Liberal support began to fall precipitously. *(Pammett and Dornan, 2004)*

This uncharacteristic Liberal dilemma placed Martin in a difficult if not impossible situation during the traditional nationally-televised Leaders' Debates. The Bloc leader's criticism of the Clarity Bill and the previous Liberal government's treatment of Quebec's requests for greater transfers of money and responsibility to the provincial level could not be countered by Martin, who essentially agreed with the Bloc leader's premise that decentralization was a good thing. Similarly, when Canadian Alliance leader Stephen Harper stated his view that the federal government should not be concerned with differing provincial methods of implementation of the national healthcare plan, Martin could not challenge him or insist on the pan-Canadian approach, as Chretien had done in the 2000 election with Harper's predecessor, because he was not opposed to an asymmetrical approach to national social programs. In the end, the electorate was left with little to distinguish the Martin Liberals from the other political parties. The Liberals lacked a clearly-defined position on the federalist axis, and their position on the left-right axis was neither compelling nor well-defined. *Indeed, for the first time since the election of 1984 when John Turner led the Liberals, voters did not identify the Liberal Party as either the one closest to their own values, or the one most competent to govern.*

[Table 4 about here]
(Voter identification with party values)

The 2004 election results decisively demonstrated the consequences of this atypical Liberal campaign. Liberal support fell in all parts of the country, but most importantly in Quebec. These results were especially significant given the very positive situation for the Liberals in Quebec when Martin took over as leader only six months earlier. By the fall of 2003, support for separatism in that province was at its lowest level since the 1970's. The leader who had led the referendum battle in 1995 and subsequently become premier of Quebec, Lucien Bouchard, had resigned in dismay in 1997, stating he believed the "winning conditions" for Quebec sovereignty did not exist. He was replaced by Bernard Landry as leader of the provincial separatist party and as premier. Landry in turn, responding to the dramatic decline in support for the separatist cause since the introduction of the federal Liberals' Plan B, had declared in 2003 that he did not envisage the calling of another referendum on sovereignty in the foreseeable future.

It is in this context that the results of the 2004 election must be evaluated. Instead of expanding on the progress made in the 2000 election, Liberal support in the province of Quebec decreased in

percentage terms and in seats – from 44.2% to 33.6% and from 36 seats to 21. The recipient of the lost Liberal support was exclusively the Bloc Quebecois, which increased its representation in the House of Commons from 38 to 54 seats. Meanwhile outside of Quebec the newly merged Canadian Alliance and Progressive Conservative parties, now called the Conservative Party of Canada, also increased their support significantly, moving from a combined total of 78 seats to 99 and reducing the Liberals to a minority status for the first time in more than thirty years.

Ongoing Evidence of Intraparty Conflict (2004-6)

If the discipline of power in a parliamentary system is ever to play a dominant role in party cohesion in Canada, it would surely occur during a minority government. Yet this did not prove to be the case for the Martin Liberals. Although several factors can be identified as important in the ongoing intraparty conflict, those related to Martin's approach to federalism appear to be central.

In attempting to fulfil his campaign pledge to "fix health care for a generation", it soon became apparent Martin would face strong resistance from some provincial premiers. Ultimately he agreed to provide even more funding than he had originally promised in order to reach a deal, but he was still unable to extract any binding commitments from the premiers concerning standardized reporting procedures or accountability mechanisms. Even more significant was his decision to negotiate a "side" agreement with Quebec in order to obtain that province's participation, in effect creating an asymmetrical health care system. Martin now publicly defended asymmetry in the federal system, and former colleagues such as Sheila Copps, John Manley and Allan Rock attacked it. [xvii] They were not alone. Several Liberal Senators, a former Martin supporter who had been in the Chretien cabinet and numerous former Liberal advisers, including Trudeau policy advisers Jim Coutts and Tom Kent, all attacked the agreement as one that set a dangerous precedent for pan-Canadianism. [xviii]

The response of Martin's principal secretary, Tim Murphy, was instructive. Dismissing the internal criticism of asymmetrical federalism as "outdated", Murphy told journalists it was "time to remove the dead hand of Trudeau" from the management of intergovernmental affairs. This led Senator Gerry Grafstein to warn presciently that "Federal Liberals could suffer the same fate as the Ontario Liberals under David Peterson in 1990 when he abandoned Mr. Trudeau's One Canada policy. He (Peterson) was against the Trudeau vision of the country and he lost..."[xix]

Martin continued to follow this asymmetrical approach in his handling of negotiations on equalization payments to "have-not" provinces. Having agreed to *ad hoc* changes to the plan for Newfoundland, he then faced similar demands from two other have-not provinces. A domino effect ensued once it became clear that he was willing to abandon national programs for bilateral deal-making. This in turn led to demands from the Liberal premier of Ontario to redress what he argued was a huge fiscal imbalance. Although Martin initially refused to consider this request, the dilemma of his minority status and rapidly declining public support finally led him to agree to a transfer of additional funds to Ontario as well.

By the time Martin's government fell on a non-confidence vote in late 2005, popular support for the Liberal government had fallen still further. In the election campaign, Martin's desperation was evident in a number of rash campaign promises related to the promotion of national unity (such as

the *non obstante* clause) – a subject that had not been on the public's radar screen -- and his determination to portray the election, at least in Quebec, as a referendum on sovereignty. This was countered by several election commitments by Conservative leader Stephen Harper designed to win over soft nationalists in the province, including promises to redress the so-called fiscal imbalance, to allow Quebec representatives to participate in certain international events, and perhaps to re-open the constitution to obtain Quebec's signature. Further attempts by Martin to paint Harper and the new Conservative party as too extreme and out-of-step with mainstream Canadian values failed. The Liberals fell more than 10 percentage points and the Conservatives formed a minority government. *Moreover, despite Martin's efforts in Quebec, his party lost a third of their seats and the Conservatives achieved their first breakthrough since 1988, taking ten seats in the province.*

The intraparty conflict did not disappear with Martin's swift resignation. Instead, evidence of the federalist cleavage surfaced almost immediately among the candidates who quickly emerged in the Liberal leadership race in 2006. A major and very public intraparty debate ensued over the summer when frontrunner Michael Ignatieff addressed the issue head-on by delivering a speech in which he called for the recognition of Quebec as a "nation." Although his position was somewhat more nuanced, the presumed second-place candidate, Bob Rae, also indicated he would be in favour of the move in principle. Their comments created a firestorm within the party and drew widespread public criticism from leading Trudeau Liberals.

Like Brian Mulroney, Prime Minister Stephen Harper took advantage of the obvious dissension in Liberal ranks, introducing a motion to recognize Quebec as a nation. Caught once again in the vise of an external shock, interim Liberal leader Bill Graham felt obliged to vote in favour of the motion. Stephane Dion, widely viewed as being in a tight race for third place in the leadership contest, indicated that he would grudgingly vote in favour as well because he considered the motion to be a sociological statement of fact with no constitutional consequences. *Despite this, nine Liberal MPs, including three other leadership candidates, voted against it. Dion's principal opponent and future kingmaker, former Ontario cabinet minister Gerard Kennedy, publicly indicated that he too would vote against the motion. Shortly after, Pierre Trudeau's son Justin emerged as a major Kennedy supporter.*

To defuse the uproar caused by what was now widely perceived as a potential party unity crisis, the party's national executive then established an internal blue-ribbon panel to defuse the issue by preparing a report. At the convention itself, the delegates ignored the wishes of the party elites, who were favouring Ignatieff and Rae. Instead, in what was widely seen by outsiders as a major upset, they voted for one of the two second-tier candidates known to have supported the Trudeau federalist perspective, former Chretien intergovernmental affairs minister Stephane Dion.

It is likely too soon to tell the degree to which the differing views of Dion and his Deputy Leader in the House of Commons, Michael Ignatieff, will negatively affect party unity in the future. However there is also no reason to assume that the underlying divisions which emerged so recently during the leadership race will become irrelevant as the Liberal Party, still drifting badly after its 2006 electoral defeat, attempts to reposition itself as the natural governing party. With the

Harper government continuing to attempt to attract both Bloc and Liberal voters in Quebec with an aggressive decentralist federalist policy – including promises, partly delivered in the 2007 budget, to redress the so-called 'fiscal imbalance' – this will first and foremost entail establishing the party in Quebec as the best alternative to the sovereignist movement.

[Table 5 about here]
(Liberal Seat Distribution in Quebec and Nationally, 1968-06)

(*2) The Case of the British Labour Party*

Historical Origins of the Labour Party's Internal Conflict over the EU
Of the three leading member states of the European Union, the United Kingdom – unlike France or Germany – has always been highly ambivalent about it membership in the European Union. Indeed, Britain is the least integrated of all the western European member states, referred to by one observer as the "awkward partner" (*George, 1990*) . Having declined to join the EEC at the time of its inception in 1957, two subsequent requests to join (in 1963 and 1967) were then vetoed by France's Charles DeGaulle. When the UK finally became a member in 1973, under the Heath Conservative government, it was only after lengthy negotiations for special terms of entry. In addition, Britain continues to remain outside the Schengen zone for immigration and customs purposes. It has only partially signed on to the Maastricht Treaty, and until recently has benefited from an extraordinary fiscal rebate in exchange for its participation in the EU budget. Along with only Denmark and Sweden, the UK has still not joined the euro zone after nearly a decade of European monetary union (EMU). In short, Britain's reluctance to participate in each new aspect of European integration has been the primary reason for the evolution of the "two-speed" Europe theory. And, despite growing public acceptance of the benefits of the EU, sufficient public and parliamentary opposition remains that calls for Britain's actual withdrawal from membership still occur on a regular basis. As one noted observer of Britain's role in Europe has concluded*,* "Europe is the issue that never goes away." *(Gamble*, 1998, p.12)

The British ambivalence about the European Union had a major impact on the unity of the Conservative Party, which was in power for many of the various moves toward greater European involvement. The Conservatives' intraparty conflict was exacerbated by the fact that public opinion lagged even further behind the glacially slow acceptance of European integration by the political elites. Nevertheless the difficulties of the Conservatives – the party that originally saw itself as "Britain's party of Europe" (*George, 1994)* -- were as nothing compared with the travails of the British Labour Party, which was "riven from end to end over EEC membership." (*Ludlam, 1998, p.31)* The famous "zig zags" of Labour under Harold Wilson, who originally said no to EEC membership, then yes in 1967 and again no in 1971, resulted first and foremost in open rebellion among his Mps. In votes in the House of Commons some 72 Labour Mps (led by Roy Jenkins, a future Labour Home Secretary and Chancellor) voted with the Conservative government in favour of accession and another 20 abstained. Without this Labour support Heath would not have been successful.

This was hardly the end of the matter. Although Wilson had opposed entering the EEC only a year earlier, when he became prime minister of a Labour government in 1974 he again switched his position and supported the move. This immediately provoked a crisis within the party. A special one-day party conference called by the party's national executive (which opposed membership) to resolve the matter ended with the issue being defeated in a vote on a party resolution. This in turn led to a decision to hold a national referendum on Britain's membership. Groups supporting and opposing Britain's continued membership in the EEC, that were created to campaign during the referendum, cut across party lines. But Labour again was the more divided of the two parties. The cabinet itself was split, with seven of the 23 ministers supporting withdrawal. Nevertheless with all major party leaders supporting EEC membership, and an aggressive public relations campaign, British voters eventually approved Britain's continued membership by a margin of 2 to 1.

Labour governments under Wilson and Callahan dominated the next decade, (during which no further measures were taken regarding the EEC), but the 1979 victory of the Conservatives under Margaret Thatcher led to a lengthy period in opposition for Labour. Much has been written about the growing divide within the Labour Party along the left-right axis in the next few years. Labour's hard-left leader Michael Foot was continually pitted against the party's moderate wing led by David Owen. The rift eventually led to an actual split in the party, when four former Labour cabinet ministers led by Owen left Labour and formed the Social Democratic Party (SPD) in 1981. However it is instructive to note that another member of the 'group of four' was Roy Jenkins, who had left his position as Chancellor and served a term as President of the European Commission before returning to Britain in 1981. Moreover, of the 28 Labour Mps who followed the four rebels in leaving Labour for the SDP, all but two had also voted in favour of British membership in 1973.

During the 1980's a major seachange occurred in the respective position of the two major parties. The Conservatives increasingly came to be seen as distancing themselves from Europe, while Labour began to consolidate its position in favour of greater integration. The end of the decade saw Thatcher grudgingly follow the advice of her chancellor, John Major, in joining the ERM, but it had also seen her negotiate a highly contentious special rebate for Britain in exchange for participation in the EU budget. Her "obstructionist" approach to the European agenda of the 1980's was so significant that it eventually led Greek President Andres Papandreou to famously remark "It would be a great relief if Britain left the EEC."[xx] By 1992 Thatcher's successor, John Major, (who had initially been a strong supporter of Britain's role in the EEC) not only declined British participation in the EMU but also negotiated opt-outs on the social charter and other significant aspects of the Maastricht Treaty which created the European Union (EU) out of the EEC. Despite his caution, growing elements of the Conservative Party's parliamentary wing rebelled, opposed to any further integration, and Major was forced to govern with a minority after expelling eight Conservative Mps from caucus. He was also forced (in 1995) to promise a national referendum would be held before Britain would enter the euro at any time in the future.

By the end of Major's term of office, the Conservative Party had become clearly identified in the minds of the British public with an aggressive Eurosceptic stance that verged on anti-European.

Meanwhile Labour – whose extraparliamentary wing had actually drawn up a manifesto in 1983 promoting Britain's withdrawal from the EEC – spent the rest of the decade moving in the opposite direction. Under leader Neil Kinnock (another future EU Commissioner), the party had adopted a clearly pro-European stance by 1987 and an enthusiastically pro-Maastricht position by 1992.

Moreover, public opinion – and the opinion of backbench Mps from both the Labour and Conservative parties, was moving ever closer to a pro-Europe position, or at least a much less anti-Europe one. Even most Conservatives, although certainly eurosceptics, seemed resigned to the idea that Britain would retain its EU membership. The major difference between them and Labour was now clearly a question of degree, with Labour wholeheartedly advocating even further integration with Europe, including acceptance of the single currency, a move which was anathema to the Conservatives.

[Table 6 about here]
(attitudes of Labour Mps on various Europe indicators over time)

The Emergence of New Labour's Internal Conflict over the EMU
By the time Tony Blair became prime minister in 1997, the Labour Party had been in opposition for 18 years. Along with three other leading Labour activists of the day – Gordon Brown, Peter Mandelson (a future EU Trade Commissioner) and Alastair Campbell, Blair had forged an entirely new image for the Labour Party. It actually came to be called "New Labour" at the conference where Blair was elected leader in 1994. The New Labour theme continued in the 1996 platform, "New Labour, New Life for Britain", and was used negatively by the Conservatives to their serious detriment in the 1997 election, in a "New Labour, New Danger" ad campaign which backfired badly.

At the time of Blair's election, the media placed most of the emphasis on the "Third Way" discourse of New Labour, which emphasized a moderate centre-left approach: downplaying the role of unions in the party, urging "modernisation" of the economy and the party apparatus, and pledging to hold the line on government spending and tax increases. However it is important to note that Blair himself had taken a keen and highly enthusiastic approach to Europe even as Leader of the Opposition. In fact, one of his earliest foreign policy statements spoke compellingly of his desire to put Britain "at the heart of Europe." At the same time, Blair openly recognized the difficulties that Labour had encountered in the past on the Europe file, and stressed that this internal conflict was a thing of the past, along with Old Labour. "Of course, Conservatives are fond of pointing out that there are divisions in the Labour Party too", he said in 1995. "But that is a glib line...the Labour divisions over Europe, unlike the Tory ones, are a thing of the past."[xxi] He reiterated this point in a speech in Bonn, where he declared "the centre of gravity in the Labour Party is moving convincingly in my direction."[xxii]

However this did not prove to be as glib an assumption as Blair had hoped. Despite receiving a huge majority in the 1997 election, Blair was unable to move a sufficient number of his own

eurosceptic Mps in order to adopt the euro during his lengthy two-year honeymoon with the public and the media. Instead in October 1997, only months after being elected, the new Labour government apparently made a commitment not to join the EMU during the first term of the government, or until after the 2001 elections. As a result, although Labour quickly opted-in to the Social Charter of the Maastricht Treaty which Major had rejected, when the EU's single currency was launched in 1999, Blair exercised the opt-out provision, stating that the time was not yet right for Britain to join.

Yet moving Britain into the eurozone had been one of Blair's first foreign policy commitments. When prime minister John Major had announced there would be no such move without a referendum, Blair as opposition leader had eagerly announced he would lead the Yes side in such an eventuality. Two years later one of the first moves of the new Labour government – less than a week after its election -- had been to establish the independence of the Bank of England through an autonomous Monetary Committee. This was one of the EU preconditions for membership in the eurozone, and observers at the time concluded the move "strongly suggested the new government was carefully preparing the country for eventual membership." (*Howarth, 2004, p.3*)

Explanations for Blair's newfound caution on the euro tended to centre on adverse public opinion and on the perceived economic risks of joining. But as many British europhiles noted at the time, the concerns about public opinion seemed overrated. With over 60% of Britons initially opposed to EU entry in 1973, the concerted campaign of all political leaders succeeded in achieving a nearly 70% approval in the referendum. One British think tank concluded the situation in 1997 was even more favourable. "It bears repeating that polls consistently show that a sufficiently large number of people could be convinced to join the euro if they were convinced that it would have a good effect on the economy," it stated in a media release, pointing out that "while a majority of the public oppose Britain adopting the euro, a large majority (74%) also think that it is very (31%) or fairly (43%) likely that Britain will in fact adopt the euro in five years."[xxiii]

The economic case for delay was also unconvincing. Two EU experts went so far as to argue "It would have been relatively easy to adjust Britain's domestic structures and policies to those required by the single currency because the commitment to sound money, an autonomous central bank, and the freedom of capital movements were policies which Britain itself had already adopted independently." (*Gamble and Kelly, 2002*) What is perhaps most significant in understanding the delay is the fact that the British Chancellor of the Exchequer exercises a far more independent role in the British government than the Canadian Minister of Finance is able to do, even with such strong support from the prime minister as Paul Martin received from Jean Chretien. Simply put, Blair's friend and colleague Gordon Brown, who had been appointed Chancellor in the new government, was able to champion the more eurosceptic "wait and see" view because he was in a position to do so. As has since become clear, there were heated internal debates in October 1997 about what route the new Labour government would take concerning the euro. While Tony Blair admitted defeat and agreed that Britain was not ready to join the "first wave" in 1999, Gordon Brown went much further. It was Brown who argued for, and won, an agreement not to re-open the issue until after the 2001 election. And it was Brown's independent announcement of the "five economic tests"[xxiv] which would have to be met before Britain would

accede to the euro that "effectively established a Treasury veto over policy on the single currency." (*Gamble and Kelly, 2002*).

As Rawnsley (2001) has recounted, this led to an even greater level of intraparty conflict and a significant rift in cabinet. As the following tables demonstrate, the Labour Party's parliamentary wing had come a long way since 1983. The vast majority of Mps polled in 1995-6 dismissed pulling out of the EU entirely, and most considered membership in the EU on balance to have been a positive benefit. But after this the cracks in the united front began to emerge. The devil, as always, was in the details. A significant minority (often up to a third) of Labour Mps questioned the wisdom of a central bank with control over British monetary policy, or the impact of regulatory measures and other technical changes required to enter the eurozone. Most importantly, a substantital minority categorically agreed with the statement that accession to the euro should not be contemplated if it were to mean higher levels of unemployment. For them, like Gordon Brown, the issue of the euro was either essentially an economic one, or one in which the potential impact on left-wing domestic social policies must be considered first and foremost. In short, the retention of economic sovereignty was key. (*Baker and Seawright, 1998*)

On the other hand, the Blairites did not share this view. Blair himself tackled the question head-on in his Bonn address, stating "The immediate question on the EMU is, "Is it inconsistent with the nation-state?" He answered his own question with an emphatic "No". The Blair vision of Europe, instead, was one in which nation-states would direct the work of the supranational institutions and organizations through intergovernmental cooperation, to achieve broad-based economic and social objectives. Power was devolved from the nation-states to their supranational creations, and could be taken back at will. This perspective was reinforced by Blair's emphasis throughout his term of office on the need to address the EU's democratic deficit, to promote a Charter of Rights, and a constitution.

Brown, by contrast, represented the views of the significant minority who feared that power would be concentrated in the EU institutions at the expense of nation-states. The eventual accession of Britain to the euro would be an economic advantage, and remaining outside indefinitely would be a disadvantage. But support for the euro should not imply any commitment to further integration or the evolution of a European federal state. Nor could it be allowed to prevent the British government from intervening in the economy to ensure stability or maintain social welfare programs. Consistent with this view, Brown's influence was most strongly felt in areas such as the reform of the Common Agricultural Policy (CAP) and opposition to enlargement without agreeing to the budgetary implications for wealthy western member states.

The ascendancy of Brown's view on the euro during the first Labour term meant that little else was done to advance the case for integration. Meanwhile, the official Labour position continued to be that Britain would certainly join the eurozone eventually, and the only question was when. The answer, in turn, was now a matter of economic technicalities, to be determined by Brown and the Treasury. Nevertheless, Blair clearly had not given up. Although he ruefully referred to EMU as *the* hard issue, he announced a National Changeover Plan in 1999 even as he opted out of the first wave, making it known he felt Britain would be ready in time for the next intake, scheduled

for 2002.

The Escalation of Intraparty Conflict over Europe

After the 2001 election returned Labour with another massive majority , Blair's efforts to push for adoption of the euro in 2002 increased, and a national referendum was anticipated in the near future. Blair outlined his thinking about the *political* importance of joining the eurozone and increasing integration of the EU more clearly than ever in a seminal speech in Birmingham. Declaring the EU to be a "huge" success because it had ended war and created stable, prosperous democracies on the continent, he spent considerable time pointing to the various stages of the EU's evolution which Britain had first resisted and then, reluctantly, joined. In each case, he argued, the benefits had far exceeded the costs. He concluded with a passionate call to embrace the eurozone:

> The purpose of this speech is to argue: that Britain's future is inextricably linked with Europe; that to get the best out of it, we must make the most of our strength and influence within it; and that to do so, we must be whole-hearted, not half-hearted, partners in Europe. We have a vision for Europe - as a union of nations working more closely together, not a superstate submerging national identity. It is the right vision for Europe. Let us have the confidence to go out and win support for it.[xxv]

As a chronicler of recent Labour history concluded at the time, Blair "believes Britain will not realize its full influence in the world – and he will not fullfil the historic challenge of his premiership – until he has led the country into the euro." *(Rawnsley, 2001).*

Perhaps not surprisingly, as Blair increased his pro-Europe rhetoric the party's internal conflict over the issue increased as well. In a development common in the British system but unfamiliar to Canada, the various camps within the caucus and the party began to organize publicly. By early 2002 the party's internal divisions were plain to see in the rival groups "Labour Movement for Europe" (pro euro), "Labour Against the Euro" (LATE) and the "Labour Euro-Safeguards Campaign" (LESC). All of these groups boasted many Mps among their members as well as the tacit support of some cabinet ministers, and they all campaigned aggressively for their respective positions.

For example the Secretary of LATE, Labour MP John Cryer, openly declared the purpose of his group was to hold meetings and give speeches in an attempt to influence not only "the great mass of the parliamentary Labour Party wing", but also the trade unions, because their memberships in the Labour organization "are absolutely key to the future of this debate."[xxvi] In a press release on April 22, 2002 announcing the formation of the group, they indicated their principal concerns:

Late will campaign against a Euro Referendum being held within the present Parliament. They are also, naturally, anxious that the stringent requirements of the Euro (and of previously signed Treaties like Maastricht) that restrict Government spending and borrowing just when the Labour Party is committed to vast State spending on the Health Service, Education and a decrepit transport infrastructure.

With thirty Labour Mps as well as Lords Healey and Dixon having joined the group, the opposition of these far left, mostly "old Labour" members of the party was difficult to ignore.

Similar concerns were raised by the LESC group, who declared they were "strongly opposed to Stage III and the Single Currency, which will deprive our Labour government of the essential tools of economic management." In a classic understatement, one observer concluded these developments "made the establishment of a more committed Labour government policy line far more politically problematic than would have been the case in the government's first term." *(Howarth, 2004. p.4)*

The impact of this intraparty conflict was difficult to measure. This was because the Blair government's commitment to the euro referendum was seriously derailed by the "war on terror" and Blair's personal decision to support George Bush in Iraq. It was also sideswiped by a Swedish referendum rejecting the euro. Most importantly, however, it was blindsided by Gordon Brown's announcement that the EU's Growth and Stability was not sufficiently flexible and that the eurozone had failed his five economic tests, (a conclusion rebutted almost immediately by the EU's central banker.)

Before Blair could recover from the blow, he was submerged in the debate over the controversial and chaotic European Constitutional Convention process which began in 2002. The constitution proposal promptly produced its own set of admirers and opponents, many of whom were in the Labour Party. This apparently led to Blair's surprising decision to replace the popular Robin Cook, an ardent pro-Europe spokesperson, with the more pliable Jack Straw as Foreign Secretary, and indeed to replace a number of known pro-Europe ministers. Nevertheless the EU constitutional issue came to dominate the Labour government's agenda in terms of Europe. As various drafts of the document began to emerge, opposition to many of the provisions became fierce within all parties, and many Labour Mps joined an all-party Democracy Movement to demand a referendum on the proposed constitution if and when it would be finalized. One survey of Mps found that more than half of the total number of Labour MPs needed to force a referendum in any caucus vote had already committed themselves to doing so. Some 51 Labour Mps had "definitely" decided to do so, while another 51 were "likely" to. More significant still were the comments of Labour MP and former cabinet minister Clare Short, a prominent Gordon Brown supporter. In a BBC interview of October 23, 2003, she indicated she was "moving towards" supporting a referendum, and then concluded, "*If the Chancellor continues to signal a growing euroscepticism,(emphasis added*) we expect more backbenchers will feel emboldened to support a referendum."

The problem was compounded by Blair's initial attempts to reassure people that a referendum was unnecessary since the constitution was not an important change, merely a compilation of existing measures. This argument was quickly dropped in light of contradictory comments by, among others, Brown and Straw. In an effort at conciliation, Blair then resorted to his "red line" arguments, a political version of Brown's five economic tests for the euro. In Blair's case, the non-negotiable constitutional items for Britain were to be on taxation power, social security, Eu trade negotiations, the powers of the European Court and the EU budget. Over time, however, it became increasingly clear that Blair's influence with major European players such as Chirac and Schroeder was as tenuous as his ability to influence Bush. Having argued that he could make Britain more important by taking a more aggressive role in Europe, Blair's pursuit of the

transatlantic alliance on security matters had severely damaged his credibility with his EU partners who opposed the Iraq war, just as his aggressive pursuit of CAP reforms and "democratization" of Brussels had done.

Last but hardly least, the personal animosity between Blair and his Chancellor, Gordon Brown, was increasingly a matter of public record. With Brown now openly speculating on Blair's timeline for stepping down, the image of the New Labour as competent managers, best able to handle both domestic issues and thorny foreign policy matters such as Europe, quickly declined. In the end, though, Blair refused to go, and succeeded in achieving an unprecedented third majority for his party. However, recognition of this achievement was tempered by the fact that his majority was cut to only 60 seats from previous levels of more than 200. While the war in Iraq was unquestionably a major problem for Labour in the 2005 election, the impact of the Blair/Brown feud and the underlying dispute over Europe can not be entirely dismissed as relevant factors. Nevertheless the real fallout for Labour over the euro and Brown came *after* the May 2005 election, as Blair prepared to take over the rotating presidency of the European Union.

The Impact of the EU Presidency and Leadership Change on Intraparty Conflict
Shortly after the election, one of the first acts of the third Blair government was to table the European Union Bill in the House of Commons, a bill that would give effect to the EU constitution. Since at least three of Blair' five "red line" items had arguably been ignored in the final draft, the debate on the bill within the Labour caucus was both acrimonious and ominous. (*Peston, 2005)*

Then, little more than a month before assuming the presidency of the EU on July 1, Tony Blair's aggressive pursuit of institutional and fiscal reforms at the two-day Luxembourg Summit effectively scuttled agreement on an EU budget. In particular, Blair pursued Gordon Brown's arguments about the reform of the CAP, insisting that Britain would only consider a reduction in the special rebate negotiated by Margaret Thatcher if such reforms were implemented. Britain's veto of the proposed EU budget was widely criticized by EU spokespersons, as was Blair's decision to postpone indefinitely any referendum on the EU constitution in view of the fact that both the Netherlands and France had recently lost similar votes.

Blair's pursuit of a wide array of objectives during his six-month tenure was seen by many Labour backbenchers as a certain recipe for disaster, while others argued with so many topics on the table, some would inevitably be successful. Few in Labour could argue with his emphasis on African debt relief and AIDS, climate change and legislation to regulate toxic chemicals. However the EU budget debate continued to overshadow progress throughout the final half of the year, as did the increasingly urgent debate over what to do next about the failed constitutional initiative. For Blair, the answer was obvious. "Fix it and move on," he argued, insisting only minimal changes were necessary.

Blair outlined his thoughts on the constitution and on reform in the EU generally in a speech before the European Parliament on assuming the presidency. Here again, the distinction between the economic and political perspectives of Labour supporters about the EU was made clear. "I

believe in Europe as a political project", he declared. "I believe in Europe with a strong and caring social dimension. I would never accept a Europe that was simply an economic market."[xxvii]

Many others in the Labour caucus and the broader Labour Party disagreed profoundly. Among them was Gordon Brown who, for once, was faced with a *fait accompli* delivered by Blair. In December 2005 the British Prime Minister had conceded more of his red line issues in order to achieve a resolution of the EU's budget impasse before the end of his presidency. The new deal was to see Britain's rebate reduced by roughly one billion euros a year for the next six years, in exchange for an agreement by other EU members to alter VAT rules. Incredibly, the British Chancellor refused to honour the deal signed by the prime minister, conducting a fifteen-month "rearguard action" to increase the size of the rebate and force changes to the CAP. An aggresively unapologetic Treasury press release issued in early 2007 declared, "We have agreed the detailed implementation of the budget deal signed by the heads of government in December 2005. There are no additional costs to the UK....Separately, we agreed new rules with our EU partners to tackle missing trader VAT fraud. There is no link between these two dossiers." [xxviii]

Of course, the British EU presidency, which had begun so optimistically, had also been derailed by the bombings in London during the G8 meetings in Scotland, as well as the ongoing Iraq crisis. The Labour government was also the subject of a number of scandals and inquiries that were again challenging the party's image of competent managers. Nevertheless for Blair, who by now privately had agreed to step down well before the end of his third term, time was running out. In April 2007 he publicly announced his departure for June and endorsed, albeit tepidly, Brown as his successor.

With such a short time remaining, the significance of Blair's efforts to portray himself as a champion of Europe in countless end-of-term interviews can hardly be missed. Intent on preserving what he continues to believe is the momentum of Britain towards further integration, he stressed recently that "I am still very much pro-Europe" and "the EU is absolutely central to Britain's future."[xxix] He also argued that his efforts to force the EU to reform had been more successful than is generally recognized, pointing to the progress made by newly-appointed Commission President Barosso, whom Blair championed, and the supportive positions taken by German Chancellor Angela Merkel. (Other observers have also pointed to the recent French election, which for Blair was a happy development since incoming president Nicolas Sarkozy has shared Blair's view that only minor changes to the EU constitution were needed, while the defeated socialist, Segolene Royal, had called for a complete revision if not an entirely new process.)

Most importantly, it is almost certain that Blair's last international act as prime minister will be to attend the EU Summit in Brussels in late June, where he will have to decide whether to sign on to a new treaty to replace the failed EU constitution. Interestingly, several Labour Mps have indicated that Blair's representatives are canvassing the caucus to determine what alterations would be acceptable, *without a referendum, the apparent assumption being that no referendum could currently succeed.*[xxx]

Yet Gordon Brown, the heir apparent who will finally take over from Blair in July, has not expressed any views on Europe in the past two months, despite a flurry of policy announcements on other subjects in recent weeks. And, while progressive, his announcements all clearly build on the record of accomplishments of New Labour in the past decade in the areas of social housing, the environment, democratic reform, health care and education, confirming the view that there is little policy light between the two men, and their differences on the left-right spectrum are more ones of style than substance. Brown has even cautiously indicated there will be no significant change in foreign policy with respect to the United States and Iraq, despite the overwhelming public distaste for continued military involvement. In fact, the one area in which Brown has indicated a desire to move in an entirely new direction has been the area of constitutional reform, but it is to propose a written constitution for Britain, not a means to revive the failed EU efforts.

From other comments over the past few years, however, it is increasingly clear that Brown's eurosceptic instincts have become predominant, and that he remains focussed on the economic vision of the EU. "My argument," he declared in a speech last year, "is that globalization poses some fundamental questions about traditional models of European development." Put more simply elsewhere, Brown has suggested that the idea of further or deeper integration "is not merely wrong but, much worse, old-fashioned."[xxxi] Similarly, most observers have concluded Brown believes the euro will never be adopted by Britain because the conditions will always be inappropriate, primarily because the economies of the various EU member states are too diverse. Thus predictions that Britain would finally join the eurozone in 2010, because the EMU project had obviously succeeded, may, in fact, be premature. On the other hand, eurosceptics, as Table 5 demonstrated, constitute only a minority in the Labour caucus. In the run-up to an election that will see Brown faced with the daunting challenge of achieving an unprecedented fourth Labour majority, internal caucus disputes will need to be carefully managed out of the limelight in order to avoid further devaluation of New Labour's "competent managers" brand.

(3) Conclusion

The two cases analysed in this paper have demonstrated the existence of intraparty conflict based on differing views of federalism and political integration. Given the similarity of the two political systems in the cases under review, this comparison was able to use similar empirical evidence such as party documents, leader's statements and voting patterns to demonstrate the applicability of a model which conceives of such conflict along a cross-cutting axis to the traditional left-right spectrum. Moreover, the evidence accumulated for this paper suggests the model may be particularly useful in explaining intraparty conflict in situations where party members from opposite ends of the left-right spectrum are found in the same camp on a federalist issue. Further research in non-Westminster parliaments, and in other EU member states, could prove useful in determining whether the model has broader application.

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ENDNOTES

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i. Party officials later confirmed that, without the overwhelming support of the *ex officio* delegates, Turner would not have won.

ii. As quoted in Graham,R. *One Eyed Kings: Promise and Perception in Canadian Politics*. Toronto: Harper Collins, 1986. p. 292

iii. Liberal House Leader Herb Gray first used this term when rallying support for Turner's position in a heated caucus debate.

iv. Tom Axworthy.

v. Although provincial Liberal parties are completely separate from their federal counterpart in personnel and organization, it is instructive to note that all of them were formally opposed to the Accord, further isolating Turner.

vi. Jeffrey Simpson, *Globe and Mail*. Oct. 27, 1992.

vii. Although cuts to federal-provincial transfer payments would also diminish the benefits of the welfare state, Chretien believed they would be blamed on the provinces, who administered the programs, and not on the federal government. However the national pension plan was administered and delivered directly to citizens by the federal government, so that any cuts in this area would be immediately linked with the Chretien Liberals.

viii. *Iron Man*. P. 165.

ix. Jean Chretien. *Opening Statement to the Gommery Inquiry*. February 8, 2005.

x. Personal interviews with several former Chretien cabinet ministers.

xi. Delacourt. *Juggernaut*. p 153.

xii. *The Globe and Mail*. "Quebec Walks if Ottawa Won't Talk", November 24, 1999. p.A4

xiii. Jennifer Ditchburn. *Canadian Press*. Ottawa: November 27, 1999.

xiv. Supporting material for much of this section – including numerous interviews with party elites -- has been compiled in the preparation of a forthcoming book on the Liberal Party and as such is not yet publicly available.

xv. L. Gagnon**. "**Quebec is why Jean won't let go", *Globe and Mail*, June 10, 2002

xvi. A. Coyne. "Whereas this is a deep and meaningful relationship", *Globe and Mail*. April 6, 2004.

xvii. Anne Dawson. "Martin Defends Health Accord Against Attacks", Ottawa Citizen. September 24, 2004.

xviii. R. Fife. "PM Threatens 'One Canada' with Asymmetrical Federalism, Leading Liberals Says", *National Post*, October 21, 2004.

xix. *Ottawa Citizen*. October 22, 2004. P. A5

xx. BBC 'On this day'(March 21,1984) "EEC Summit Collapses Over Rebate Row"

http://news.bbc.co.uk/onthisday/hi/dates/stories/march/21/newsid_2546000/2546127.stm

xxi. Rt. Hon. Tony Blair, MP. Leader of the Labour Party. "Britain in Europe", address to the Royal Institute of International Affairs, Chatham House, London, April 5, 1995.

xxii. Rt. Hon. Tony Blair. Speech to the Friedrich-Ebert Stiftung, Bonn. May 30, 1995.

xxiii. MORI Research. For a complete list of Mori polls, see Http://www.mori.com/europe/euro-participation.shtm

xxiv. These were: convergence between the economies of Britain and the eurozone; flexibility for Britain to cope with severe economic change; the impact on investment; the impact on the financial services industry; the impact on employment.

xxv. Rt. Hon. Tony Blair. Speech to the European Research Institute. Brimingham. November 21, 2001.

xxvi. John Cryer, MP, Secretary of LATE. Speech at the Eighth Congress for Democracy. Church House. London. November 1, 2002.

xxvii.Rt. Hon Tony Blair. Speech to the European Parliament. Brussels. June 23, 2005.

xxviii. "Brown Faces New Row over EU Rebate Cut", *The Guardian*. April 4, 2007.

xxix. "Blair Aims to Bow Out as EU Champion" *Financial Times*. April 19, 2007.

xxx. "Blair Sees Chance to Avoid EU Referendum", *The Guardian*, April 24, 2007.

xxxi. Rt. Hon. Gordon Brown. "Global Europe, Full-Employment Europe", Speech delivered to the