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Australia's vote echoes beyond its borders

Albanese triumphs in Australia, thanks in part to Trump. The social democratic election victory means stability in uncertain times

The Australian Labor Party's spectacular victory in the 3 May elections may have been well-deserved, but was still unexpected in its scale. With Labor now holding around 90 of the 150 seats in the House of Representatives, Prime Minister Anthony Albanese can start his second parliamentary term with a huge boost of confidence — 'a Labor hero', as treasurer Jim Chalmers put it on the morning after. The conservative opposition coalition between the Liberal and National Parties, led by Peter Dutton since their previous electoral defeat in 2022, is in shambles. Dutton himself lost his seat, and the Coalition's much-reduced parliamentary faction has only few MPs from inner-city constituencies left. Meanwhile independent MPs in formerly Liberal held metropolitan seats more than stood their ground and will fill around ten of the seats on the crossbench. The Greens find their parliamentary presence reduced again despite maintaining their share of the primary vote. In the Senate, however, Albanese will still have to rely on Green support for his legislative projects unless there is bipartisan consensus.

Just a few weeks ago, such an election outcome seemed completely unthinkable — in fact it had even looked as if Labor was in for a defeat. After the significant reversal in popular opinion over the past three months, the joke is already going around that an unpopular Donald Trump has now lost elections not just in neighbouring Canada, but also in faraway Australia.

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However, this is only half the story. It is true that the attitude of the Australian population toward their US ally has changed massively and at breath-taking pace. A poll by the renowned Lowy Institute shows that only 36 per cent of the population down under trust that 'the United States will act responsibly in the

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world' — the lowest figure recorded in two decades. A profound sense of uncertainty associated with this change in mood apparently became a catalyst for Labor's success during the election campaign. In fact, the Labor team worked tirelessly to portray their challenger as a Trumpian copycat. The fact that these tactics seem to have resonated has to do with the other half of the story: Almost all observers would agree that Dutton's election campaign lacked focus. Political concepts seemed half-baked, Dutton had to backtrack several times because proposals such as ending working-from-home proved simply toxic, and for his signature policy – introducing nuclear power – the Coalition team presented costings only two days before election day, with proposed savings based on savage public service cuts. It was hard not to be reminded of DOGE and Elon Musk. But none of that will happen now; the opposition will have to thoroughly reinvent itself under new leadership.

Decent governance in challenging times

That Albanese and Labor increasingly had to fear for their hold on power last year was due to massive cost of living pressures and a rising cash rate that not only pushed up mortgage costs but also escalated a long-simmering crisis in the housing market. Whether Labor's proposals to boost housing supply will provide a remedy remains to be seen; ideas for revamping negative gearing rules, which cost the party what was thought to be a sure election victory in 2019, certainly remain taboo. In addition, the resounding rejection of the government's proposal for constitutional recognition and creating an advisory body to benefit Aboriginal Australians in the *Voice* referendum in November 2023 had given the opposition an untimely boost. However, these challenges and setbacks were offset by Labor delivering on promises in the areas of industrial relations and labour law, moving towards more progressive climate and energy policies, as well as financial reforms for the disability care sector and transfer payments at the height of inflation. Treasurer Jim Chalmers' responsible fiscal policy certainly helped improving the outlook, and key economic indicators are now pointing towards recovery. Inflation seems all but defeated, and another cash rate cut by the Reserve Bank could come as early as this month.

Finally, Albanese and his cabinet have governed virtually scandal-free and presented themselves as a united team. The fear of renewed infighting of the kind that had tormented Labor during the Rudd/ Gillard era (2007-2013) remained tangible and curbed excessive reform zeal. While this was deplored by some, in an increasingly fragmented political environment, Labor has clearly done well with a cautious strategy of small steps and has far outdone the opposition in collecting essential preference votes. In general, the Australian preferential voting system is helping to prevent further political polarisation. Unlike, for example in Germany, the shrinking of the primary vote for the two traditionally dominating parties does not add to the weight of the political fringes, but rather to the success of independent centrist MPs, keeping right-wing populist tendencies in check. Against that backdrop, the opposition may have realised too late that the tactics it used to defeat the *Voice* might not work in the parliamentary election campaign and – with the Trump presidency a fiery writing on the wall – would even turn out to be counterproductive.

Challenges ahead

After the leadership merry-go-round of the past 20 years, Anthony Albanese is the first Australian Prime Minister since John Howard to win two consecutive elections and is now firmly sat in the saddle. But the Labor leader will also need this additional political capital to address substantial challenges that lie ahead. While Labor had set a new course in climate and energy policy in 2022, further accelerating the energy transition remains vital and will require more efforts. Australia has all the prerequisites to benefit massively from renewable energies, but moving away from the still-profitable extraction and export of fossil fuels remains difficult. The revamping and new construction of relevant infrastructure and industrial capacities requires international investment and an increase in skilled migration, with internal competition for attracting suitable workforce in other areas of the economy, from housing construction to defence industries.

The geo-economic implications of an Australian energy transition are also hard to manoeuvre. Important strategic partners in the Indo-Pacific, such as Japan and Korea, rely on consistent Australian energy supplies. Given the challenge posed by an increasingly assertive People's Republic of China, a careful balance must be struck between where Chinese investment and technology are welcome to support industrial policy concepts such as 'Future Made in Australia', and where security concerns might prevent such cooperation. An escalating confrontation between Washington and Beijing over trade and economic policies, and the new

unpredictability of the US administration, make such calculations even more difficult, and all these considerations remain closely linked to the larger question of the future of the alliance with the US.

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For Canberra, a sober assessment of national interest makes Australia a valuable partner for the US, and Australians are therefore struggling to accept that such considerations may be less important in Washington than they used to be. In particular, there are concerns that the AUKUS project for Australia's acquisition of nuclear-powered submarines, which is set to cost $240 billion and not entirely un-opposed at home, could ultimately fail despite positive signals from the US. For the time being, 80 per cent of Australians still support the security alliance with the US, but this is now in sharp contrast with the significant lack of trust polls have indicated. In the election campaign, both candidates therefore tried to sidestep the question of possible consequences of current developments for Australian politics — being 'carefully and wilfully myopic', as Peter Hartcher of the Sydney Morning Herald found.

Given Australia's generally solid public finances, (still) favourable demographics, its enormous natural resource wealth, and political stability, the country can confidently address these and numerous other reform issues, even more so if joint approaches see a renaissance. In a two-party system, partisan reflexes may be understandable, but over the last years seemed more often than not outdated. The continued success of new political players explicitly demanding less ideological and more fact-based discussions and decisions seems to underscore this. Thanks to his historic election victory in difficult times, Prime Minister Albanese is in a good position to provide more space for such broader debates.



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