



## Abbott's vows

Robert Milliken SYDNEY

Australia's new leader faces a testing first year

**W**hen he was elected prime minister in September 2013, Tony Abbott promised a government of "no surprises". He offered a new era of predictable politics from the conservative Liberal-National coalition after six years of Labor leadership turmoil. But surprises await him in 2014.

For a start, economic growth will weaken and unemployment rise. Falling commodity prices and slower growth among Australia's big customers in Asia will cast shadows over the Abbott government's first budget in May. Having once promised to return the budget from a A\$30 billion (\$28 billion) deficit in 2013-14 to a surplus in his first year, Mr Abbott revised the target during the

election campaign to "within a decade".

He will try to stick to another emphatic promise, to abolish the Labor government's tax on carbon emissions to fight climate change. But any legislation will be doomed at least until July. Labor and the Greens will hold a voting majority against the plan in the upper house of Parliament until then.

There will be drama, too, over Mr Abbott's pledge to "stop the boats". He intends to use the navy to turn asylum-seekers heading for Australia back to Indonesia, their embarkation point. This will complicate Mr Abbott's wish to make Australia's nearest northern neighbour a central focus of foreign policy.

In building broader relations in Asia, Mr Abbott will have to temper his "Anglosphere" cheerleading. In 2012 he told the Heritage Foundation, a Washington think-tank, that "few Australians would regard America as a foreign country". Too many publicly voiced sentiments like this will send awkward signals to China, Australia's biggest trading partner. Much of Mr Abbott's foreign policy will be driven by an effort to attract foreign investment and strike free-trade deals with China, Japan, South Korea and Indonesia. This will cause tensions within his coalition: the Liberals' junior partner, the rurally rooted National Party, sees foreign investment as a threat to farmers. The Nationals will campaign against bids by China and Indonesia to buy tracts of Australian farmland.

Australia will try to make trade reform a focus of the G20 summit in Brisbane in November. It will be the most significant gathering of world leaders the country has hosted. For Mr Abbott, not exactly a polished internationalist, it will prove a leadership test.

In some respects, his government will be known more for what he says it will not do. Same-sex marriage, which neighbouring New Zealand legalised in 2013, will stay nationally banned in Australia. And Australians calling for the country to cut constitutional links with the British monarchy will stay waiting. In his Heritage Foundation speech, Mr Abbott boasted of his role as a leader of the movement to stop Australia becoming a republic. ■

Robert Milliken:  
Australia correspondent,  
*The Economist*

## The Key issues

Conrad Heine CHRISTCHURCH

New Zealand's prime minister is on course to win a third term

**W**hen New Zealand holds a general election in 2014—by November at the latest—John Key, who heads a centre-right coalition government, will be well-placed to win his third election on the trot. The down-to-earth former foreign-exchange dealer remains popular with Kiwis, who are unimpressed by grandeur.

The fortunes of Mr Key could ride on Christchurch. New Zealand's second city was devastated by earthquakes in 2010 and 2011, in which 185 people died. Gloom is still in the air: insurance payouts and government repair grants have been

delayed, and bickering continues over the future of beloved buildings, including the ruined Anglican cathedral.

But there are grounds for optimism too. Demolition of the city centre is advancing, and in 2014 progress will be made on a new inner hub making the most of green spaces along the Avon river. The government promises "precincts" devoted to health, technology and culture, and big projects including a convention centre and a stadium.

The quakes cost the country some NZ\$40 billion (\$33 billion). Now the rebuilding features strongly in the government's hopes of growth in an economy highly dependent on farm exports and often exposed to a strong currency. But a shortage of housing in Christchurch could dampen the comeback. With unemployment at 6.4%, bad feeling could grow

if opportunities from the redevelopment do not benefit young Kiwis.

Other troubles may emerge for Mr Key, whose second term has been rougher than his first. China and Australia, New Zealand's main trading partners, have

## Aftershocks have continued to shake Christchurch

slowed down. The Labour Party has a new leader, David Cunliffe, a preacher's son and former management consultant. His punchy style could yet shake up the polls.

But political wobbles are the least of New Zealand's fears. Aftershocks have continued to shake Christchurch. In August 2013 Wellington, the capital, was hit by a 6.2-magnitude tremor. Stability will be top of most Kiwis' wishlists in 2014. ■

Conrad Heine: freelance correspondent