

What Barack Obama's election win means for Australia

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Caitlin O'Toole
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THE votes are in, the pollsters are gone and the pundits have finally shut up. Barack Obama is the United States president-elect. Now what?

Australians preferred Barack Obama to John McCain by four to one, and half say Senator Obama will be good for Australia, according to a survey by the US Studies Centre at the University of Sydney.

So what will an Obama presidency mean for Australia? *News.com.au* finds out.

Australia-US relations

Kevin Rudd will be hoping for a good working relationship with Senator Obama, says head of the US Studies Centre Geoffrey Garrett at the University of Sydney.

Climate change, Afghanistan and China are key areas where the new US President will affect Australia, he says.

"In a lot of ways they are very similar characters, comfortable with details and with a problem-solving mentality," Professor Garrett says of Mr Rudd and Senator Obama.

"But on both Afghanistan and climate change it's not going to go exactly the way Kevin Rudd would hope."

Senator Obama may ask Australia to send more troops to Afghanistan and is more concerned about making the US self-sufficient on oil for national security reasons than on cutting greenhouse emissions.

Financial crisis

Wall Street and world share markets will get a boost now the election is over.

Markets hate uncertainty, and are expected to rally now that investors know who is in charge, and which tax and economic plan to expect.

Just like the global financial meltdown, when Australian markets dipped and surged on Wall Street's lead, local shares are expected to rise once US markets get a boost from election results. Assistant Treasurer Chris Bowen says the Australian market will receive a boost now that the election is over.

"(It) tends to be that once the election is out of the way, regardless of the winner, you see a boost in confidence," Mr Bowen said.

The Head of American Studies at Flinders University, Don DeBats, says Senator Obama is "desperate to solve this economic crisis associated with collapse of house prices".

However, economists say it could be years before the world economy recovers, with employers cutting jobs, house prices falling, consumers cutting back on spending and confidence at rock-bottom lows.

Sydney University's Prof Garrett says when it comes to fixing the economy, Senator Obama has "one hand tied behind his back", since billions are already pledged for the US bailout, and America faces a \$1 trillion budget deficit.

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Yes, we ... might?

Obama supporters in the US and around the world have sky-high hopes, who has promised them a changed world. Expectations are astronomical, Professor Garrett says.

"The immediate goodwill surge that would come from an Obama victory is enormous," he says.

"If he can live up to half of that he would do an amazing job."

However, the high hopes may fade quickly, since Obama immediately faces the war in Iraq and the economic meltdown.

"It's a one-two punch," Professor Garrett says.

"The worst economic downturn in a generation and the war on terror agenda is not shrinking. Iraq's not going away, and Pakistan and Afghanistan are looming larger."

Don DeBats says with all the focus who was ahead in the campaign, few have stopped to ask 'now what?'

"Can someone who is a junior senator with a tremendous rhetorical appeal and a great capacity to motivate voters translate into leadership?" he says.

Senator Obama's "laidback, non-committal" style may not be forceful enough to lead rowdy "Blue Dog" senate Democrats who have vastly different priorities to Obama, says Professor DeBats.

"You've got to get the votes, and that's hard work. You can't be detached about that."

Professor Garrett is more confident of Senator Obama's chances.

"It's not an easy time, but if anyone can do it, he can," he says.

Climate change

Kevin Rudd may be disappointed to find that Barack Obama's green policies are about making the US energy independent for security reasons instead of cutting carbon emissions.

"In the US the most political issue is energy independence, not climate change," says Professor Garrett.

"Obama will certainly talk a good game on climate change, but I'm not sure what Australia can expect from the US in 2009."

While Senator Obama wants America to work more closely with other countries, he doesn't think the US should act without China and India also agreeing to cut pollution.

The wars

Mr Rudd and Senator Obama both want military focus off Iraq and back on Afghanistan, where violence is escalating.

As President, Obama will urge European and allied countries to send more troops to Afghanistan, but they're unlikely to agree.

Mr Rudd, who has called Afghanistan "the right war", will be asked to step up.

"Australia will be a pretty early call there," says Professor Garrett. "Rudd will be asked to deliver on his commitment."

There are 200 Australian army engineers working to rebuild roads in Afghanistan, and 980 army personnel on security work in Iraq after the last combat troops pulled out in June.

"It will be hard for Obama to deliver a 'less Iraq, more Afghanistan' in the US at least," Professor Garrett says.

Senator Obama, who opposed the US "surge" of extra troops which is credited with calming Iraq, wants America out by 2010.

However, the US is currently talking to the Iraqi Government - setting a later withdrawal date of late 2011.

Trade

Australia is one of the few countries that can sell exports cheaply in the US thanks to a free trade deal exempting Aussie goods from extra charges and taxes.

However, Senator Obama has blamed free trade for taking American jobs, and has suggested renegotiating the landmark NAFTA trade deal with Mexico and Canada.

The gloom of recession in the US makes free trade political dynamite, but the idea of the Australia - US trade deal being changed is "beyond implausible" says Professor Garrett.

Flinders University's Professor DeBats says Senator Obama's farm handout policies will disadvantage Australian farmers.

"This is something Australia has totally opposed, and has been really trying to get off the American agenda," Professor DeBats says.

China/Asian engagement

Professor Garrett says George W. Bush had a "wary-coexistence" with China, working to pressure North Korea on nuclear weapons and resisting bashing China over trade.

However, Senator Obama's fellow Democrats would pressure him to cut trade with China, which they say floods the US with cheap, dangerous goods and costs Americans jobs.

More than 60 per cent of Americans say free trade is bad, and the financial crisis puts Senator Obama under huge pressure to cut back on trade with China.

"Obama will do his best to evade that pressure," Professor Garrett says.

Professor DeBats says besides worry over Chinese trade and China's growing power, America's relationship with Asia or regional groups like ASEAN were a non-issue during the campaign.

"I don't think over the campaign there has been any significant engagement over Asia," he says.

That lack of interest, and recent stories of President Bush asking Mr Rudd "what's G20?" may have permanently damaged future cooperation, even with a new President, Professor DeBats says.

"Regardless of who's there, it would put the antennas up and the level of trust down."

With our Mandarin-speaking Prime Minister and a mining economy so reliant on China buying our resources, Australia will be keen to maintain close Chinese ties.

"My general view is that Australia and the US are sort of bending away from each other," Professor DeBats says.

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