

After the Australian election, what the crisis of the Liberals reveals

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The results of the May 3 Australian election have underscored a developing existential crisis for the right-wing Liberal Party. In coalition with the regional-based National Party, it has been one of the two main pillars of the post-World War II political order, with the ruling Labor Party being the other.

The vote for the Liberals fell nationally to 20.8 percent—the lowest level since the party was formally launched on August 31, 1945, soon after the end of World War II. Its number of seats in the 150-member House of Representatives will also be the smallest in their 80-year history. With votes still being counted, it may have as few as 32 seats, alongside nine for the Nationals.

Significantly, the Liberals' shrinking middle-class base of support disintegrated further, with the loss of most of its urban seats in both inner city and outer suburban areas of the state capitals. Liberal leader Peter Dutton lost his own seat in outer suburban Brisbane after 24 years, leaving no obvious successor.

The Coalition now has no seats at all in Adelaide, or in the island state of Tasmania. It is likely to retain only a handful of seats in Melbourne, Sydney, Brisbane and Perth. All but a few Liberal Party parliamentary survivors, including the mooted leadership contenders, will represent rural or regional seats.

Even adding the votes from its Liberal National Party and Country Liberal Party partnerships with the Nationals in Queensland and the Northern Territory (NT) respectively, the Liberals' total was just 27.9 percent. That is a 9-percentage point fall from the last election won by the Coalition in 2019.

The Nationals' vote also fell—from 4.51 percent in 2019 to 4.15 percent—but they have mostly held their lower house seats. The Liberal crash will give the pastoral and mining industry-based Nationals greater influence in the Coalition's diminished joint parliamentary party room, further alienating urban voters.

The Trump factor

Extraordinary efforts are being made in the Australian corporate media to blame a poor campaign, a lack of policy and backflips, as well as Dutton in particular, for the catastrophic loss. However, as has been widely acknowledged in the international press, the result was above all the product of the Trump factor, following on from the defeat of the Conservative Party in Canada the previous week.

Both the Coalition and Labor deliberately excluded all reference to the mounting global economic crisis, geopolitical tensions and wars and made pitifully small promises to address the acute cost-of-living crisis facing working people.

Dutton and his shadow ministers, notably Jacinta Nampijinpa Price, had

initially praised Trump and his “Make America Great Again” program of cutting public education, health and other social programs, slashing business taxes and boosting military spending.

Echoing Trump's sweeping “DOGE” budget cuts, spearheaded by Elon Musk, Dutton appointed Price as “Shadow Minister for Government Efficiency.” The Coalition vowed to slash 41,000 public sector jobs.

It soon became evident, however, that widespread opposition existed to the fascistic Trump administration and its far-reaching assault on social and democratic rights, its all-out trade war and plans to take over Canada, Greenland and the Panama Canal.

Sensing electoral disaster, the Liberals backtracked on the jobs massacre and other fronts, and desperately matched Labor's fraudulent healthcare promises. Labor Prime Minister Anthony Albanese, who has flatly refused to criticise Trump and his reactionary program, did succeed in tarring Dutton as a Trump in the making with the slogan, “He cuts, you pay.”

Equally significantly, the breakup of the Liberal base was highlighted by the survival of most of the seven so-called Teal independent MPs. Largely bankrolled by “green” industry entrepreneurs, they have mostly held the seats they won in 2022 in the most affluent former blue-ribbon Liberal strongholds.

Historic political crisis

The survival of the Liberal Party, at least in its present form, is now openly questioned in the establishment media. An *Australian Financial Review* article last weekend warned: “A shattered Liberal Party is confronting the biggest crisis in its 80-year history and is on the brink of a civil war between conservatives and moderates over its ideological direction.”

In 1944-45, Liberal Party founder Robert Menzies sought to develop a post-war electoral constituency for a party of big business by presenting it as speaking on behalf of the “forgotten” middle class. Menzies appealed to the prospects of home ownership and improved living conditions.

However, the party's social base, which developed during the post-war boom and kept the Liberals in power for 23 years, has sharply declined as the relative prosperity of the 1950s and 1960s has vanished and social inequality has reached grotesque proportions.

Significant layers of professionals including doctors and teachers have been increasingly proletarianised, and small businesses are under intense financial pressure. At the same time, wealth is concentrated in the hands of multi-billionaire oligarchs and a shrinking stratum of the well-off upper middle class.

According to the *Australian's* Rich List, the country's richest 250 individuals and families now include 170 billionaires. Altogether, they have reached a combined worth of \$689 billion this year, from \$591

billion in 2024—up by nearly 17 percent in 12 months under the Labor government. At the other pole of the social spectrum, broad layers of working people are struggling to make ends meet amid staggering housing costs, rising prices and declining real wages.

What has been described as the “broad church” of the Liberal Party has fractured. A far right, epitomised by Dutton, has tried to build a broader social base through Trump-style anti-immigrant and law-and-order demagoguery, promises to slash government spending by cutting social programs and to boost the military. An increasingly marginalised “moderate” wing appeals to layers of the more “liberally minded” upper middle class with a combination of being “fiscally responsible”—that is, just as ruthless with budget cuts—together with limited overtures to concerns over the environment and identity politics.

The last so-called “moderate” leader—investment banker Malcolm Turnbull—became prime minister in 2015 in an inner-party coup and lasted less than three years before being ousted by the right-wing Scott Morrison prior to the 2019 election. Morrison was then dumped in favour of the hard-right Dutton after the former lost the 2022 election to the Labor Party.

The removal of Turnbull coincided with a marked decline in support for the Liberals in key blue-ribbon urban seats long held by the party and the rise of the “Teal” independents—high profile, pro-business individuals who have touted their “socially progressive” credentials. Several Teals belong to Liberal Party family dynasties.

In the wake of the election, bitter infighting has broken out within the Liberals as to who will become the party leader, and thus parliamentary opposition leader, in a ballot tomorrow. The declared leadership contenders are current deputy Liberal leader Sussan Ley, a “moderate” who has called vaguely for the “unity” and “modernisation” of the party, and shadow treasurer Angus Taylor, representing the most right-wing faction. Other challengers could yet emerge.

Further fuelling the “civil war” has been the sudden defection of Price, who is a member of the NT’s Country Liberal Party, from the Nationals to the Liberals in the Canberra party room. Backed by right-wing corporate and media figures, Price is being touted as a deputy to Taylor.

Interviewed on Sky News last Thursday, Price vowed to “draw a line in the sand” on what the Liberal Party stands for. She wanted to return the Liberal Party to “core values” such as “liberty,” “individual freedom,” “minimal government intervention” and “most of all, love for our nation, Australia.”

Australia’s richest billionaire, iron ore magnate Gina Rinehart, was the most explicit in calling for a far-right party. She issued a statement to the *Daily Mail* last Monday, accusing the Liberals of being too frightened to pursue “Trump-style ‘make Australia great’ policies via cutting government tape, government bureaucracy and wastage, and hence being able to cut taxes.”

At the same time, there is evident nervousness in ruling circles, reflected in Ley’s candidacy for the Liberal leadership, at the danger of breaking apart the two-party system on which capitalist rule has relied since 1945. So far, previous attempts to form more openly far-right parties, such as Senator Pauline Hanson’s anti-immigrant One Nation and billionaire Clive Palmer’s two efforts, the United Australia Party and the most recent Trump-style Trumpet of Patriots, have failed to garner substantial votes.

A crisis of the two-party system

The crisis of the Liberals is part and parcel of a far broader crisis of the two-party system on which the ruling class has depended since the end of World War II. The elation in the Labor Party and ruling circles over its

landslide win and a majority Labor government, following fears of an unstable Coalition or Labor minority government, will not last long.

Such are the vagaries of the Australian compulsory preferential voting system that almost inevitably preferences flow back to one or the other of the major capitalist parties. Labor’s primary vote was barely 2 percentage points above its historic low of 32.5 percent in 2022, when it scraped into office on the back of a similar collapse in the Liberal vote.

For the first time since World War II, the primary vote for “other” parties and independents was 33.1 percent, exceeding that for the Coalition of 32.2 percent. In total, the vote for the two post-war government parties, Labor and the Coalition, fell to a new low of around 67 percent of validly cast votes.

In the wake of the Liberals’ debacle, big business is now dependent on Labor and its associated trade union apparatuses to impose its anti-working class agenda, as has historically been the case in every period of crisis, including the two world wars, the Great Depression of the 1930s, the stagflation crisis of the 1970s and the 2008-09 global financial crisis.

However, as its low vote demonstrates, support for the Labor Party has dramatically eroded. It no longer enjoys significant positive support in the working class and relies on the fraud that it represents the “lesser evil.” Its right-wing trajectory is underscored by the fact that, alongside the Teals, it won several wealthy blue ribbon Liberal seats. Likewise, the union apparatuses on which Labor rests are widely reviled in the working class after decades of betrayals.

The Albanese government, however, will be compelled to accelerate the demands of the ruling class for deep cuts to social spending to reduce the budget deficit and pay for huge increases in military spending and the further integration of the Australian defence forces into US-led plans for war against China. This agenda was spelled out in no uncertain terms in the financial media in the course of the election campaign.

Explosive working-class struggles lie ahead, posing ever-more the necessity for workers and young people to turn to the only alternative to the capitalist agenda of war and austerity—the socialist program advanced by the Socialist Equality Party in the course of its election campaign.



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