

**26 September 2024**

## **The LDP decides – what to watch for and what happens next**

### **Key takeaways**

- The Liberal Democratic Party will choose its new leader on Friday, 27 September, with a close race between Ishiba Shigeru, Koizumi Shinjirō, and Takaichi Sanae that is highly likely to come down to a runoff.
- The LDP's next leader will have to move quickly to form a government and is virtually certain to call a snap election shortly after taking office, which could have implications for economic and foreign policy.

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The Liberal Democratic Party's (LDP) leadership campaign wrapped up on Thursday, 26 September as voting by rank-and-file party members closed. These votes will determine how **368 votes** will be distributed among the nine candidates using the D'hondt method of proportional representation.

**The LDP's 368 lawmakers will gather starting at 1pm JST on Friday, 27 September to cast their votes**, and in the likely event that no candidate wins a majority, will immediately proceed to voting in a runoff between the top two candidates. The second round will feature **47 votes from the party's prefectural branches** in addition to the lawmakers, which each branch awarding its one vote based on which of the two surviving candidates received the most votes from rank-and-file members in the prefecture. **The final tally could be announced by around 3:30pm JST.**

### **Outlook for the first round**


There have been no significant shifts in the race during the final days of the campaign. The two finalists are likely to be from the [top-tier group](#) of **Ishiba Shigeru**, **Koizumi Shinjirō**, and **Takaichi Sanae**. As expected, the election will likely be one of the most

dramatic in the LDP's seven-decade history, with the top three candidates likely finishing in the first round within roughly 10-20 votes of each other, and no certainty about who will advance to the runoff, let alone win overall.

## THE LDP DECIDES

### Key details for the LDP's 27 September election


#### THE FRONTRUNNERS



**Takaichi Sanae** (63)

**Strengths:** capable campaigner strongly supported by right-wing base, upholder of Abe Shinzō's legacy


**Weaknesses:** might be too ideological for LDP mainstream, vulnerable to contrast with opposition led by moderate conservative



**Koizumi Shinjirō** (43)

**Strengths:** would be Japan's youngest-ever prime minister, appealing to desire for change; skilled campaigner

**Weaknesses:** limited cabinet experience; dependent on party heavyweights; desire to move quickly could lead to backlash



**Ishiba Shigeru** (67)

**Strengths:** most popular candidate; opposition to Abe and zeal for reform would signal change

**Weaknesses:** relatively few allies in the parliamentary party, potentially leading to disunity; disliked by right wing and Asō Tarō

#### THE CAMPAIGN BY THE NUMBERS

**1.05 mn** *Dues-paying members eligible to vote in the first round*

**736** *Total votes in the first round*

**368** *Number of voting lawmakers; also the number of votes for rank-and-file members in the first round*

**415** *Number of votes cast in runoff if no candidate wins majority in first round; 368 lawmakers plus 47 prefectural chapters*

**1** *Vote per prefectural branch, awarded to the runoff candidate with the most votes from the prefecture's members*

**9** *Candidates running for the LDP leadership*

**1pm JST** *First round of voting begins at the LDP headquarters in Tokyo*

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Each ends the campaign with a different source of strength. Ishiba has consistently been the top choice of rank-and-file supporters, followed by Takaichi; both have lagged significantly behind Koizumi in surveys of lawmakers, but Koizumi, who at one point appeared poised to challenge Ishiba for first in the popular vote, appears to have

slipped considerably in polling. Koizumi therefore has been using the final days of the campaign to build on his lead among the party's lawmakers, meeting with Asō Tarō (unsuccessfully, see below); Sekō Hiroshige, the ex-Abe faction upper house lawmaker temporarily ousted from the party for his part in the kickback scandal but still influential with ex-Abe faction colleagues; and members of the ex-Kishida and ex-Nikai factions. His senior backers, former prime ministers Suga Yoshihide and Mori Yoshirō, have been leaning on lawmakers to back Koizumi, with the latter working on members of the former Abe faction, which Mori used to lead.

What to look for in the first round, therefore, is whether Koizumi can outperform some of the polls that showed him lagging the other two with rank-and-file supporters; if he can take roughly 20% of the vote, it could be sufficient to land him in the runoff. For Ishiba, his best chance of success will also be outperforming his already-high support from rank-and-file voters, since he has not seen a surge in support from lawmakers. Finally, for Takaichi, her best chance of success is if it turns out that there were “shy” Takaichi supporters among the LDP's lawmakers and she ends up closer to Koizumi's total than to Ishiba's.

Takaichi's prospects may have received a boost on Thursday when it was reported that Asō Tarō, who had previously said he would support his faction member Kōno Tarō but would not tell his faction's members how to vote, said that he would not only support Takaichi in the first round, but is encouraging his faction's members to support her too. While this could have implications for the runoff – see below – it is unclear how many of the faction's 17 members who have not endorsed other candidates will follow this late change in the faction boss's stance in the first round. Asō's shift may be an act of desperation to avoid a Koizumi-Ishiba runoff, which is the least favorable outcome for him, rather than a demonstration of his power.

## **Outlook for the runoff**

The second round may be easier to read than the first. **If Koizumi can survive the first round, he is the most likely to win the leadership** against both Ishiba and Takaichi. If he can take – as estimates suggest – between 80 and 90 lawmaker votes in the first round, he would need only 120-130 more votes to reach the majority line of 208 in the second round. Against Takaichi, Koizumi would be able to rely on support from Ishiba and the ex-Kishida faction, which is mainly (including Kishida Fumio himself) backing Hayashi Yoshimasa in the first round. Koizumi could also take a significant portion of Kobayashi Takayuki's supporters, some of whom may prefer to vote for generational change even if they are more ideologically aligned with Takaichi. With Asō deciding to “instruct” his faction how to vote in the second round, it may be difficult for Koizumi to pick up Kōno Tarō's support, even though they are closely aligned and hail from neighboring constituencies in Kanagawa prefecture, since Kōno and his supporters, predominantly from the Asō faction, could find it difficult to resist the faction boss's guidance. Koizumi could, however, pick up votes from Katō Katsunobu, who is close

with Suga and possibly also Kamikawa Yōko, though many of her supporters are drawn from the Asō faction. This breakdown, plus whatever votes Koizumi wins from the prefectural chapters, could be sufficient to secure a majority against Takaichi.

Meanwhile, against Ishiba, Koizumi could gain the Asō faction's support, since, while Asō does not particularly favor Koizumi or his backer Suga, he may dislike Ishiba more for Ishiba's role in weakening his premiership in 2009, and could also pick up right-wing support, since the LDP's right wing has long disliked Ishiba for his opposition to Abe Shinzō.

**The hardest scenario to read would be a runoff between Ishiba and Takaichi.**

Takaichi may be the slight favorite, in that she would likely bring in the Asō faction (see above) and a portion of the former Abe faction, which would likely include some of Koizumi's supporters and Kobayashi's supporters. She might also capture some votes from lawmakers who want to see Japan have its first female prime minister. But Ishiba will not be without support. He would likely win the backing of Prime Minister Kishida and his former faction – Ishiba has stressed that he would continue many of the outgoing leader's policies – and would also likely earn the support of Koizumi himself and many of his backers, including Suga. The wild card in the second round is if the broad middle of the party decides that winning the lower and upper house elections that will be held over the next thirteen months is most important priority and decides that their chances of victory are best with Ishiba. Nevertheless, an Ishiba-Takaichi runoff would have the highest stakes of the three scenarios. It would essentially be a battle for the soul of the LDP, pitting Takaichi, Abe's intellectual successor on economic and foreign policy, against Ishiba, an idealistic reformer who fundamentally rejects not just Abenomics but much of his foreign policy thinking and his approach to politics.

## **Beyond the election**

Once the LDP selects its next leader, **he or she will have until 1 October to form a cabinet and select the members of the party's executive.** Whichever of the three candidates prevails, the biggest question is whether the next leader focuses on rewarding the lawmakers whose support was most critical to their victory – particularly in the second round – or whether he or she emphasizes party unity and makes significant concessions to the runner-up. Koizumi, due to his youth and relative inexperience, as well as the broad cross-party coalition he has assembled, may take the most ecumenical approach compared with Ishiba or Takaichi.

As this suggests, the most important question for the next prime minister may be less about their policy priorities but rather **whether they are able to unify a fractured LDP.** The campaign, though featuring few direct clashes between the candidates, revealed significant [differences](#) in philosophy and ideology between the candidates. There are sharp divisions on fiscal and monetary policy; how to encourage economic growth over the longer term; whether and how to continue the process of political reform, including

reforming the LDP's internal governance; and how to manage changing mores around gender and sexual identity. The campaign has also, of course, revealed that there is a host of ambitious lawmakers in the party eager to advance – and a diminution of the ability of factions to manage these conflicts. As Abe's second tenure as LDP leader showed, the key to remaining in power is not (only) policy achievements but managing and pacifying the LDP's internal conflicts. And whoever is chosen as the LDP's next leader may also face a challenge that Abe did not have to face: an opposition party that voters may be increasingly willing to consider as a ruling party.

Ultimately, in the immediate term, the best way for the next leader to unify the party will be to show that he or she can lead it to electoral victories. While there are slight differences in how quickly they would call a snap election – Koizumi has emphasized speed and urgency and said he would dissolve the Diet immediately, while Ishiba has said that he thinks it is best to hold a debate between party leaders in the Diet first, to give voters a sense of the stakes – all three of the top candidates have said that they would move quickly to seek a new mandate from the public. While the timing is somewhat complicated by the diplomatic calendar, with an Association of Southeast Asian Nations (ASEAN) summit in Laos in mid-October and the APEC summit and G20 in Peru and Brazil in November, **it is highly likely that the next prime minister will call a snap election for some time between 27 October and 17 November.** An early election will not only help rally the LDP behind its new leader but also complicate the task of new Constitutional Democratic Party (CDP) leader [Noda Yoshihiko](#), who is trying to manage the delicate task of pivoting the CDP from cooperation with the Japanese Communist Party (JCP) – which has retaliated by increasing the number of candidates it will run in the same districts as CDP candidates – to electoral coordination with the centrist Democratic Party for the People (DPFP) and the center-right Ishin no Kai, the latter of which is especially reluctant to negotiate in the limited time before a snap election.

## Policy implications

This political calendar will have several implications for the new government's policies in key areas. First, while there is a broad consensus that the new government will follow through on plans for a supplemental budget aimed at the reconstruction of earthquake-stricken – and, more recently, rain-soaked – Ishikawa prefecture, **all the candidates are prepared to postpone the passage of the supplemental budget until after a snap election**, pushing its passage back into December.

Second, the likelihood of a snap election in late October or early November means that it is highly unlikely that the Bank of Japan (BOJ) will announce a rate hike at its 30-31 October meeting, and, depending on the outcome of the leadership election, a December rate hike could also be in question. Takaichi has not backed off her [criticism](#)

of policy normalization by the BOJ, and, if she were to win, she would likely pressure the BOJ ahead of its December meeting. **In general, Takaichi's dovish approach to macroeconomic policy should have immediate effects on exchange rates and interest rates; the near-term effects of a Koizumi or Ishiba victory may be more muted.**

Third, **the next prime minister will immediately inherit foreign policy challenges**, not least with the US presidential election held around Japan's own general election campaign. The next prime minister will be managing the aftermath of the US vote, including the transition to the next administration and managing any uncertainty in the US that could result from legal battles, recounts, or other contentions around swing state outcomes. The next prime minister will also inherit a delicate situation with China, as tensions have risen after a deadly knife attack on a ten-year-old Japanese boy in Shenzhen and amidst significant Chinese military activities over the past month, which have included China's first intercontinental ballistic missile test in 44 years, the first passage through Japan's contiguous waters by a Chinese aircraft carrier, the first-ever violation of Japan's territorial airspace by a Chinese military aircraft, and major joint exercises between Russian and Chinese forces in the Sea of Japan. The next prime minister could also face heightened tensions with North Korea, which has resumed ballistic missile testing in recent weeks, as well as with Russia, which recently violated Japan's territorial airspace with a patrol aircraft, resulting in the use of signal flares by Japanese Air Self-Defense Forces jets for the first time to encourage the plane to leave.

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