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Ishiba seeks quick win on political funds as minority government is born

Key takeaways

- Ishiba Shigeru was comfortably reelected as prime minister on Monday, 11 November as Constitutional Democratic Party (CDP) leader Noda Yoshihiko failed to convince most of the other opposition parties to back him in a runoff.
- While Ishiba said he wanted to focus on economic issues in the near term, in talks with Noda he stressed his desire to move quickly to reach an agreement on additional political reforms.
- The CDP wants more ambitious reforms than Ishiba would prefer, but whether the CDP prevails will depend on its coordination with the Democratic Party for the People (DPFP) and Ishin no Kai, both of which are momentarily preoccupied with internal issues.

Ishiba Shigeru was reelected as prime minister on Monday, 11 November with little drama despite the ruling coalition's lack of majority forcing the vote in the House of Representatives to go to a runoff between Ishiba and Constitutional Democratic Party (CDP) leader Noda Yoshihiko. In the runoff, every other opposition party except the Japanese Communist Party (JCP) invalidated its votes, enabling Ishiba to prevail solely with the 221 votes of the Liberal Democratic Party (LDP) and Kōmeitō.

The prime minister now faces an uphill battle to show that his minority government can be more than a short-lived caretaker government. In his press conference on Monday, Ishiba stressed that in the immediate term his government will tackle major quality-of-life issues. In addition to the negotiations underway with the Democratic Party for the People (DPFP) on tax reforms for the FY2025 general budget and a FY2024 supplemental budget, Ishiba also said that he would convene the tripartite government-

business-labor council later this month as Ishiba cabinet looks ahead to the FY2025 shuntō, the spring wage negotiations.

Political reform will be a central issue

As JAPAN FORESIGHT discussed previously, Ishiba now has to navigate dramatically different political arrangements than his immediate predecessors, as the CDP takes control of the lower house's budget committee and other key committees and the DPFP seeks to leverage its 28 seats in the lower house to shape the government's policies. As much as Ishiba wants to prioritize economic issues, political reform will continue to dominate the policy agenda in the next three to six months. Ishiba and Noda met on Monday to discuss the parliamentary agenda, with Ishiba pressing Noda for government and opposition parties to agree on additional revisions to the Political Funds Control law by the end of the year. While Ishiba is prepared to make several concessions demanded both by Kōmeitō and opposition parties – abolishing loosely monitored “policy activities” funds, greater accountability for “research and PR expenditures,” third-party audits of political accounts – there are still significant gaps between the LDP and CDP in particular, as the latter wants to ban corporate donations and restrict the ability to candidates to inherit political funds from family members, among other demands.

The CDP as well as other opposition parties may have incentives to make more maximalist demands of the LDP and prolong the legislative process for drafting political reform legislation; Ishiba cannot, after all, pass legislation without their cooperation, and demanding more expansive reforms could drive a wedge within the LDP and keeps an issue that hurts the prime minister and his party in the news ahead of next year's upper house elections. CDP leaders have said that they want to conclude an agreement with other parties on the substance of reforms by the end of the year, but it is unclear whether the party would be willing to drop some of its most dramatic demands to reach an agreement sooner. It is also a reminder that the CDP's strength should not be overlooked, particularly with the party in control of the budget committee in the lower house.

Intra-opposition dynamics

Of course, whether the CDP is able to press the LDP on political reform will depend in large part on whether it is able to maintain a united front with the DPFP and Ishin no Kai. The leadership of both parties are both unsettled, which could potentially work in the CDP's favor on political reform if the other opposition leaders use political reform to assert their independence from the government and burnish their reformist credentials.

While DPFP leader Tamaki Yūichirō has looked unstoppable since the general election, the biggest story on Monday may have been not Ishiba's election as prime minister – which was, after all, widely expected – but rather that Tamaki confirmed a tabloid report that he engaged in an adulterous relationship. This report means that just as the new

Diet opened, Tamaki was not only having to fend off calls to resign his seat but also weighing whether he had to step down as party leader and apologizing to the public for betraying their trust. While Tamaki is likely to stay on as party leader, this revelation will diminish his and his party's standing just when they were poised to leverage their electoral gains for policy achievements that could secure future electoral gains. To be sure, the DPFP will still have substantial bargaining power in its relationship with the Ishiba government, but the tarnishing of Tamaki's reputation will diminish the one party that emerged from the general election as an unambiguous victor.

Meanwhile, Ishin no Kai is still trying to figure out its leadership succession. With party leader Baba Nobuyuki out of the leadership race, other candidates have begun declaring their intentions, including upper house member Matsuzawa Shigefumi, a wandering politician who has been a member of at least ten political parties over a thirty-year political career and who wants the party to reduce its over-concentration in Osaka; and Osaka Governor Yoshimura Hirofumi, who as leader of the local Osaka Ishin no Kai has been Baba's co-leader; and Kanamura Ryūna, a two-term Diet member from Kanagawa. Yoshimura, who gained prominence as governor for his response to the Covid-19 pandemic, may be Ishin's most prominent elected official, though the party's setbacks in local races in greater Osaka has raised doubts about his leadership. His selection could also raise questions about the party's ability to participate in the management of the House of Representatives, since if he remained as governor he would likely have to rely heavily on lieutenants to manage the party's negotiations with the LDP and other parliamentary parties. He previously declined to run in the party's 2022 leadership election precisely because he was preoccupied with his gubernatorial duties, perhaps even more pertinent now with Osaka's 2025 world expo approaching.

Therefore, it is already clear that there will be little about the minority government-led Diet that will be easy. Negotiations will be proceeding on multiple issues and along multiple tracks, whether between the LDP and Kōmeitō, between the government and opposition parties, and among the opposition parties. Both government and opposition parties will be trying to make policy (and pass budgets) as they react to broader political dynamics – the Ishiba government's approval ratings, the relative popularity of different parties and their leaders, the outlook for upper house elections – which could ultimately lead to a less effective policymaking process.

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