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Government and opposition agreements show new politics at work

Key takeaways

- Two separate agreements between the government and opposition parties will both ensure the passage of the supplemental budget and strengthen the government's position ahead of the 2025 budget debate.
- Both the government and opposition have approached negotiations with a spirit of constructive restraint, keeping friction at tolerable levels.

After it [appeared](#) that the FY2024 supplemental budget might be held up in the House of Representatives, potentially forcing the Ishiba government to extend the extraordinary session of the Diet, the ruling parties concluded separate agreements with the Democratic Party for the People (DPFP) and the Constitutional Democratic Party (CDP) on Wednesday, 11 December that will ensure its passage. The larger significance of these agreements is that they point to the emergence of a three-way process for managing the House of Representatives despite the government's lacking a parliamentary majority.

Fundamentally, this process is resting on restraint on the part of all three (four, including Kōmeitō) actors. The ruling parties have accepted the reality that they have to compromise to secure enough votes to pass the government's budgets; the CDP has acknowledged that its control of the budget committee implies a constructive role in the budgetary process; and the DPFP, while it has [bargained](#) hard for concessions, has continued to act as a good faith negotiating partner for the government, perhaps now sensitive to the reality that a more flexible CDP could limit its leverage. This arrangement may not be a durable change to Japan's policymaking process but it suggests that while the process of approving the FY2025 budget could at times be

contentious, the Ishiba government will likely be able to navigate its budget through the Diet in a timely fashion.

Of the two agreements, the LDP's agreement with the CDP may be more important for the passage of the supplemental budget. The two parties agreed to some marginal reductions to the JPY 13.9tn (USD 91bn) budget in exchange for moving ahead with votes in the budget committee and the whole house on Thursday, 12 December. The compromise between the LDP and CDP is significant because if there is a pathway to cooperation between the ruling parties and the CDP on budgeting, it reduces the DPFP's leverage over the Ishiba government. It could also give the CDP more leverage vis-à-vis the DPFP as they discuss cooperation not only on legislative matters but also on their approach to the 2025 upper house elections. In general, it points to the CDP's determination to be viewed as a responsible player in policymaking.

Because of the compromise between the LDP and the largest opposition party, the agreement between the LDP, Kōmeitō, and the DPFP announced on Wednesday will not be quite as significant in the immediate term, though it could prove significant for the FY2025 general budget. After temporarily suspended leader Tamaki Yūichirō suggested that the party could withhold support from both the FY2024 supplemental budget and the FY2025 general budget if the ruling parties failed to include the DPFP's demand for raising the income tax exemption to JPY 1.78mn (USD 11,622) in next year's budget, the ruling parties acceded to the party's demand. The ruling parties also agreed to the DPFP's demand to scrap the so-called "provisional" gasoline tax. The agreement does not fully resolve the issue, since the timing and scale of the tax reform remains up for discussion, leaving some DPFP members dissatisfied. Nevertheless, the DPFP will be able to declare that it has delivered on its campaign promises, while the Ishiba government can enter budget debate in the ordinary session of the Diet with greater confidence that it has the votes to pass its budget, which should also give it leverage vis-à-vis the CDP.

This new cooperative process may not save Prime Minister Ishiba Shigeru himself nor restore public confidence in the LDP, but it does suggest that so far minority government has not doomed Japan to political gridlock.

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