

4 December 2024

The opposition parties adjust to new roles

Key takeaways

- With the Diet back in session and the FY2025 budgetary process nearing its conclusion, the opposition parties are learning how to leverage their new strength.
- The Constitutional Democratic Party (CDP) and the Democratic Party for the People (DPFP) have immediately sought to use their clout to extract policy concessions from the Ishiba government.
- Ishin no Kai, meanwhile, has a new leader and is pursuing a strategic pivot, limiting its influence in the near term.

The extraordinary session of the Diet began on Friday, 28 November, and the opposition parties are gradually learning how to use their numerical strength to influence the legislative process and pressure the minority government of Ishiba Shigeru. This is to be expected not only as the political system is still in the early stages of adapting to a new and virtually unprecedented <u>situation</u>, but also as each of the opposition parties – particularly the three leading parties, the Constitutional Democratic Party (CDP), Ishin no Kai, and the Democratic Party for the People (DPFP) – assess their power and prospects following the general election.

CDP: building a role for the Diet

CDP leader Noda Yoshihiko, in public remarks and parliamentary debates, has emphasized that with a minority government, now is the opportunity for the Diet to play a greater role in the policymaking process and not just act as a rubber stamp for government bills. As such, in the plenary session of the House of Representatives on 2 December, he questioned the Ishiba government's FY 2024 supplemental budget,

arguing that it is larded with "unnecessary expenditures" that are "handouts for electioneering" and that the CDP, holding the chair of the lower house budget committee, will press for revisions.

Meanwhile, the CDP also has been pressing for negotiations with other opposition parties to prepare their own political reform bill to counter the Liberal Democratic Party's (LDP) own reform bill. In the second set of talks between representatives of seven opposition parties – including the DPFP – agreed on a compromise bill that was promptly submitted to the Diet. This bill calls for banning "policy activities funds" disbursed from parties to their members, in contrast with an LDP proposal that would make these funds more transparent and sidesteps the question of a ban on corporate political donations (the CDP supports a ban but the DPFP is more skeptical and the LDP is outright opposed). However, the minimal compromise among the opposition parties and the significant gap between ruling and opposition party proposals will give the CDP what it wants: the final shape of political reform legislation will have to be hashed out in the lower house's ad hoc committee on political reform, which is also chaired by the CDP. The committee will take up the legislation on 10 December, leaving a limited amount of time to deliberate before the special session ends on 21 December.

Essentially the CDP has already won the debate, regardless of the substance of the reform bill. If the opposition parties are able to pass their compromise bill without the LDP and Kōmeitō, they will have shown that they can effectively sidestep the government, at least on some issues; if they pass with the LDP's cooperation, it will likely only be because the LDP has made concessions; and if the legislation fails to pass, they will have denied Ishiba a win (he <u>wanted</u> to pass additional reforms by the end of the year) and ensured that the opposition parties could continue to use political reform to pressure the government.

That said, the CDP is still trying to determine how best to signal its readiness to wield power – through its control of key parliamentary committees – while still challenging the government and also drawing a contrast with the flashier DPFP.

DPFP: Tamaki to the penalty box

While the CDP is determining how to use its new institutional clout, the DPFP is preparing for a period when it will be without party leader Tamaki Yūichirō. The DPFP's ethics committee decided on Wednesday, 4 December that Tamaki will be suspended from holding party leadership posts for three months following a party investigation of reports of an adulterous affair that surfaced last month. Furukawa Motohisa, his deputy, will serve as the DPFP's acting leader through 3 March.

Tamaki's suspension could be more impactful in political rather than in policy terms. Tamaki's outsized personality helped the party achieve its significant gains in the 27 October general election. The suspension will force him to take a backseat at a time

when the DPFP could be building on these results, strengthening the party's public presence ahead of next year's upper house elections. Instead, it will be Furukawa who will represent the party in parliamentary leadership debates and television panel discussions. Tamaki, of course, will not be muzzled, but he may be expected to act with some restraint over the course of his suspension. That said, Tamaki's punishment was likely set at three months to communicate that the party was taking his actions seriously while ensuring that the impact on the DPFP's preparations for the upper house campaign will be minimal.

Meanwhile, with or without Tamaki, the DPFP is still <u>negotiating</u> with the LDP and Kōmeitō over the FY2025 budget as the ruling parties aim to finalize the government's draft budget by the end of the year. While Ishiba acknowledged the ruling parties' concession to the DPFP in his policy speech – the FY2025 budget will raise the JPY 1.03mn income tax exemption threshold by some amount – the parties are still debating how high to raise the threshold and how to cover the cost. While the "1.03 million yen barrier" is the highest priority for the DPFP as it wants to show that it can deliver on its campaign promises to younger voters, the party is engaged on tax policy more broadly, including gasoline taxes (another campaign promise), whether and how to raise taxes for defense spending, and whether to extend a tax deduction for home loans that will expire at the end of 2024.

These negotiations are not guaranteed to succeed. The DPFP is insisting that the income tax exemption threshold should be raised to JPY 1.78mn, the amount it pledged in its manifesto; the ruling parties, the finance ministry, and local governments are all wary of the impact this could have on national and local government revenues. Thus far, the DPFP has insisted that its support is contingent on receiving the full amount and that it is up to the government to figure out how to pay for it. It is possible that with Tamaki out of the picture and the party concerned about retaining public support, the DPFP could be more inflexible in its negotiations, and threaten to withhold support from both the FY2024 supplemental budget as well as the FY2025 general budget. If Ishiba cannot ensure the DPFP's cooperation, his government's position could quickly become untenable, suggesting that the ruling parties are more likely to concede than the DPFP.

Ishin no Kai: an opposition party in full

While the DPFP is continuing to carve out a role as an opposition party that will nevertheless use its leverage to extract concessions from the government, Ishin no Kai is pivoting in the direction of more forthright opposition to the Ishiba government. The party, in limbo after the general election as it prepared to select a new leader, held its leadership election on Sunday, 1 December, which Osaka Governor Yoshimura Hirofumi won overwhelmingly. Yoshimura had already been serving as the head of Ishin's sister organization, the Osaka Ishin no Kai, making him co-leader along with former party leader Baba Nobuyuki. While Yoshimura is the party's most prominent elected official, his victory signals a period of retrenchment for the party. As a local

government official – whose government is preparing to host a world expo in 2025 that has been dogged by delays and cost overruns – he will necessarily be less engagedwith negotiations with other parties in the Diet. His victory also suggests that the party will abandon Baba's pursuit of a strategy to make Ishin competitive nationwide and will focus more on its ability to compete in the greater Osaka region. Finally, Yoshimura may be more prepared for the Ishin to act purely as an opposition party, in contrast to Baba, who wanted Ishin to supplant the CDP as the leading opposition party and might have been open to playing a role similar to that being played by the DPFP. He immediately stressed that he wanted to work with other opposition parties to coordinate candidates in next year's upper house campaign, a marked shift from his predecessor.

To execute this strategic pivot, Yoshimura will be dependent on his new parliamentary co-leader, Maehara Seiji, to manage the party's presence in the Diet. However, Maehara is a potentially controversial pick for this role. A longtime veteran of opposition politics, Maehara led the Democratic Party of Japan (DPJ) in 2005-2006 and in 2017, and both stints were a disaster for the party (the latter led to the schism that produced the CDP and the DPFP). Meanwhile, as a member of the DPFP, he sparred with Tamaki before leaving the party in 2023 after an unsuccessful leadership bid. Not only does Maehara have a history of questionable political judgment and fraught relationships with senior members of both the CDP and the DPFP, he is also a newcomer to Ishin, having only joined the party in October, before the general election. It is unclear whether Maehara will enjoy the confidence of both his fellow Ishin members and his counterparts among the other opposition parties to engineer the shift articulated by Yoshimura successfully.

The upshot is that political situation remains highly fluid. Each of the three major opposition parties is still coming to terms with their new roles and learning how to wield influence in the new balance of power in Tokyo, introducing greater uncertainty in the policymaking process.

Copyright © 2024 Japan Foresight LLC, All rights reserved.

This communication was produced by Japan Foresight LLC. The information it contains is intended as general background research and is not intended to constitute advice on any specific commercial investment or trade matter, legal matter, or other issue. You should not rely upon it for such purposes. The views expressed here represent opinions as of this date and are subject to change without notice. The information has been obtained from sources believed to be reliable, but no guarantees can be given as to its accuracy, completeness, or reliability. This communication is provided for your sole use. You may not reproduce, circulate, store, or transmit this communication or any information in it, in any form or by any means, electronic or otherwise, without the prior written consent of Japan Foresight LLC. This material is protected by copyrighted law. By accessing this material, you agree to indemnify and hold harmless Japan Foresight LLC, its officers, employees, agents, and affiliates from any claims, liabilities, damages, losses, or expenses (including legal fees) arising out of or in connection with your use or reliance on the information provided herein. To the extent permitted by law, Japan Foresight LLC disclaims all liability for any direct, indirect, incidental, special, consequential, or punitive damages arising out of or in connection with the use or inability to use this material, even if advised of the possibility of such damages.