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Electoral reform bill poses major test for Takaichi

Key takeaways

- Prime Minister Takaichi Sanae faces a difficult decision about how to handle the Liberal Democratic Party (LDP)-Ishin no Kai electoral reform bill, which has been held up by the opposition.
- Whatever option she chooses, she risks undermining a critical pillar of her government's support.
- This issue has exposed the degree to which Takaichi's partnership with Ishin is a personal partnership, not a coalition between the LDP and Ishin, as the former is reluctant to take risks to satisfy the latter.

he Takaichi government won an important victory on Wednesday, 10 December when the Democratic Party for the People (DPFP) signaled its support for the government's JPY 18.3tn <u>supplemental budget</u>. With the DPFP's support the budget's passage through both houses of the Diet is assured.

However, with one week remaining until the legislative session closes on 17 December, Prime Minister Takaichi Sanae faces an acute political crisis regarding the joint Liberal Democratic Party (LDP)-Ishin no Kai bill mandating a debate on electoral reform among all parties with an automatic mechanism for reducing the number of lower house seats by forty-five if the parties fail to agree on an alternative plan.

The fundamental issue is parliamentary procedure. This joint proposal has been submitted as a member's bill, not a cabinet bill, meaning it is not granted higher priority on the legislative agenda. Its passage is also complicated by the government's fragile grip on the House of Representatives, since the LDP and Ishin lack a majority both in the political reform special committee that would consider the proposal – and the

committee chair is held by the Constitutional Democratic Party (CDP). The CDP and other opposition parties have argued that the committee should focus on several competing proposals for political finance reform before taking up the LDP-Ishin proposal, enabling the opposition parties – which are almost uniformly opposed to the automatic trigger for eliminating lower house seats – to hold up the proposal.

This situation puts Takaichi in a bind. She promised to prioritize a bill cutting legislative seats during the current Diet session in the partnership agreement with Ishin no Kai – Ishin identified it as a "non-negotiable" condition – and pushed the issue forward even though many LDP members are unenthusiastic if not outright opposed to the proposal, to the extent that the process of securing LDP approval for the bill was delayed by backbencher opposition. But with the bill stalled, she is facing pressure from Ishin no Kai to throw her weight behind its passage, whether that means extending the Diet session beyond 17 December or, as former Ishin no Kai leader Baba Nobuyuki suggested Tuesday, using opposition to this proposal to justify a snap election that would not only enable her to outmaneuver the opposition parties but also to, in Baba's words, attack "treacherous elements" within the LDP opposing the bill. While Baba's language is hyperbolic, there may be little appetite for a snap election in the coming weeks around this issue, not least because Kōmeitō – which has not ruled out electoral cooperation with LDP candidates on a case-by-case basis - has stated that it could withhold all support for LDP candidates depending on how the prime minister handles this issue, which the former coalition partner strongly opposes.

The upshot is that over the next week, the political situation is entertaining a period of heightened uncertainty, with the prime minister having to choose between alternatives that could all weaken her government in some form.

These four scenarios outline the tradeoffs Takaichi faces over the next week.

Extending the Diet session. This choice could buy more time for passing the legislation – satisfying Ishin no Kai – but risks angering LDP backbenchers who would prefer to recess sooner and could anger Kōmeitō, which would interpret it as a heavy-handed move to force the bill through over opposition objections. It is also not guaranteed to succeed, since the ruling parties still need to find a way to maneuver the legislation through the lower house and convince one opposition party to back it in the upper house.

Making a deal on corporate political donations. This option could clear the way for the special committee to consider the LDP-Ishin proposal and could also be the basis for a deal with the DPFP (and/or Kōmeitō), whose proposal on strengthening restrictions on corporate donations is probably the option with the most support. However, it would anger much of the LDP, which prefers a proposal that increases transparency but does not restrict who can give to which organizations. Takaichi herself does not favor increasing restrictions on corporate donations, suggesting this option is unlikely.

Conceding the bill will not pass this session. This would, of course, anger Ishin no Kai, forcing the party to decide whether to stay in the partnership. Ishin reportedly threatened to leave the coalition when some LDP members were opposing the proposal. Takaichi could try to convince Ishin to yield on this issue in the near term, arguing that it is better to proceed patiently on this issue and preserve their partnership to take on other priorities in 2026 instead of breaking the partnership now, but it would require a significant climbdown for Ishin. This outcome would satisfy Kōmeitō and other opposition parties, and a portion of the LDP. Takaichi herself could spin it as an act of statecraft, conceding that without a consensus it would be a mistake to proceed aggressively.

Gambling on a snap election. The prime minister reserves the right to call a snap election, and this issue could provide the pretext she was otherwise lacking. However, she could face opposition within the LDP to an early election – even senior allies of the prime minister have questioned the wisdom of moving too quickly – and Kōmeitō would likely act on its threat to withhold support.

Either way, this debate has exposed the extent to which the LDP-Ishin partnership is in reality a Takaichi-Ishin partnership, with many members of the LDP – reportedly including Asō Tarō, Takaichi's key backer, who may prefer the DPFP to Ishin as a partner – skeptical of or even outright opposed to the partnership. Even if the partnership survives this Diet session, the strains on cooperation are apparent. This, in turn, suggests that for all of Takaichi's <u>strengths</u>, her government still rests on a shaky political foundation.

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