

【Fundamentals Navigator】

Japan's political schedule as key elections loom

(original Japanese report issued on February 9, 2021)

April Lower/Upper House by-elections seen as presaging outcome of general election by October. LDP presidential election in September

This report summarizes the main events in Japan's upcoming political calendar. A general election will be held before the terms of office of Lower House members expire in October. Based on recent trends in opinion polls and last year's realignment of the opposition parties, we expect the ruling coalition to win enough seats to ensure stable Diet operations while sustaining some losses. We think the by-elections to be held in April in two Upper House constituencies and one Lower House constituency should provide some clues as to the outcome of the Lower House elections in October. The LDP presidential election is also due in September. Using their writings as reference, we compared the likely policies of Prime Minister Suga Yoshihide, as well as former LDP Secretary-General Ishiba Shigeru, former Chairman of the LDP Policy Research Council Kishida Fumio, both of whom ran for the presidency in 2020. Our comparisons also include Minister for Administrative Reform & Regulatory Reform Kono Taro, and LDP Executive Acting Secretary-General Noda Seiko

Key chart: Lower House elections by October; LDP presidential election in September

Upcoming events in the domestic political calendar

25-Apr	By-elections (Lower House Hokkaido second district, Upper House Nagano constituency) By-election (Upper House, Hiroshima)
4-Jul	Tokyo Metropolitan Assembly Election
23-Jul	Tokyo Olympics (--8 Aug)
24-Aug	Tokyo Paralympics (--5 Sep)
30-Sep	LDP president's term expires
21-Oct	Lower House members' terms expire

Source: MUMSS, from media reports

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Important elections pending in 2021

General election by October; LDP presidential election in September

We summarized the major political events scheduled for Japan in 2021. A general election will be held by October when the terms of office of members of the Lower House expire. In April, by-elections will be held in the second district of Hokkaido in the Lower House and in the Nagano and Hiroshima constituencies of the Upper House. (The election in Hiroshima will actually be held to replace Kawai Anri, who resigned after being found guilty of vote-buying). The LDP presidential election is also scheduled for September.

Figure 1. Upcoming events in the domestic political calendar

25-Apr	By-elections (Lower House Hokkaido second district, Upper House Nagano constituency) By-election (Upper House, Hiroshima)
4-Jul	Tokyo Metropolitan Assembly Election
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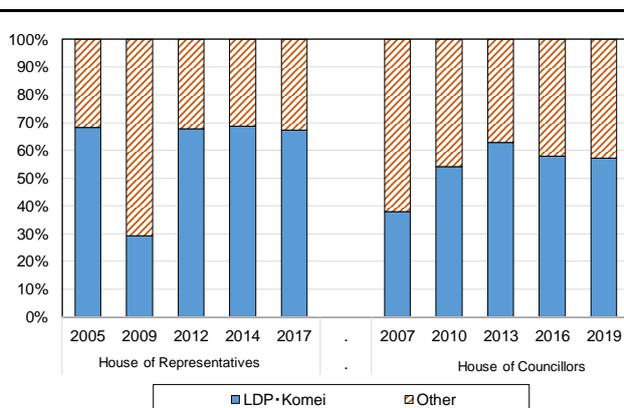
Source: MUMSS, from media reports

Lower House elections to be held by October

Ruling coalition won the last two Lower House elections decisively

Lower House elections will be held by October when the terms of office of current members expire. Dissolution of the Diet is the sole prerogative of PM Suga, but he will likely give careful consideration to the pandemic situation, trends in public opinion and other political schedules when determining the timing. In the past two general elections under the Abe administration (2014 and 2017), the ruling coalition comprising the LDP and Komeito won over two-thirds of the seats in the Diet, giving them stable control of Diet business.

Figure 2. Share of seats won in elections



Source: MUMSS, from House of Representatives, House of Councillors, NHK data

Figure 3. Key numerical thresholds for Lower House seats

Number of Lower House seats	465	—
Two-thirds	310	Lower House may override Upper House's rejection of a bill. Required for motions to amend the Constitution
Absolute stable majority	261	A political party or bloc to chair all standing committees in the chamber and secure a majority of seats in all of these panels
Stable majority	244	A political party or bloc to chair all standing committees in the chamber and secure a half of seats in all of these panels
Majority	233	Needed to pass bills

Source: MUMSS, from Nihon Keizai Shimbun

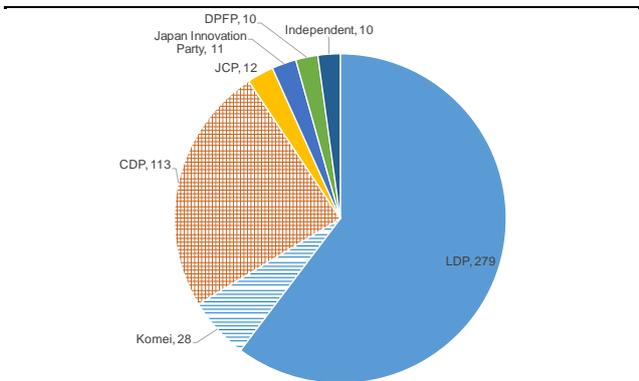
Number of seats won by the ruling coalition important

Japan's Lower House has 465 seats. An affirmative vote of 310 Lower House members, or two-thirds of the total, enables it to override any decision by the Upper House to reject bills passed by the Lower House. The government and ruling party or coalition may also run the Diet in a stable manner if they secure a certain number of seats. A stable majority is the number of seats needed to maintain majorities on committees, including all standing committee chairs. Currently that number is 244. An absolute stable majority is the number of seats that constitutes a majority in all standing committees without including the chairs. That number is currently 261 seats.

Gaps in approval ratings for the LDP and the opposition

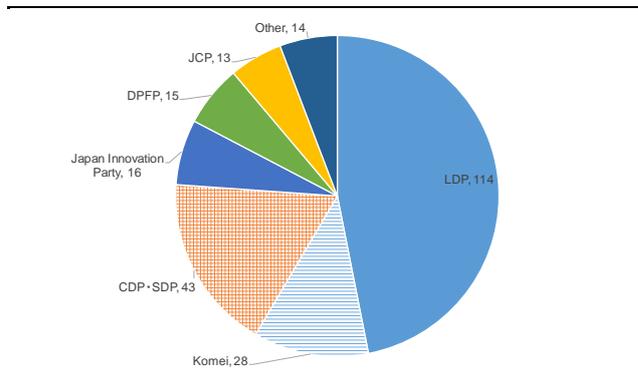
Recent opinion polls show that while support for the Suga administration has fallen from its high at the time of its inauguration, support for the Liberal Democratic Party (LDP) remains relatively stable, and there is a considerable gap between the LDP and the opposition parties. Meanwhile, a realignment of the opposition parties took place last September. The number one opposition party, the Constitutional Democratic Party, merged with the National Democratic Party and others to create a force of more than 100 members in the Lower House. The former Democratic Party of Japan (DPJ) and its affiliates brought about a change of government with a major victory in the general election of 2009. However, splits within the DPJ's coalition were one factor behind the overwhelming victories chalked up by the LDP in the single-member constituencies in the past two Lower House elections. We believe last year's opposition party realignment will help narrow the gap in the number of seats they secure in single-member constituencies. This may change depending on the future political situation, the COVID-19 pandemic, and trends among political parties. Based on the current situation as described above, however, we conclude the ruling coalition will secure enough seats to ensure the stable operation of the Diet, even though it may suffer some losses.

Figure 4. Distribution of seats in the Lower House



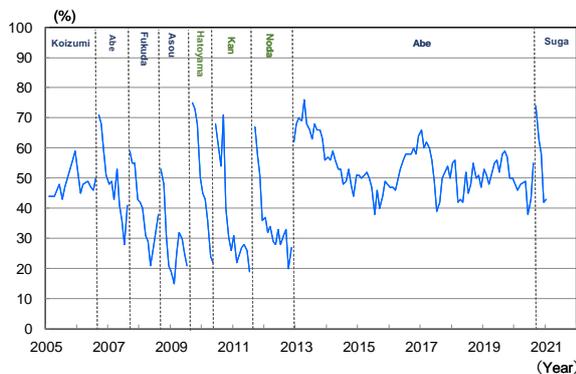
Note: Two vacancies as of 1 February
Source: MUMSS, from House of Representatives data

Figure 5. Distribution of seats in the Upper House



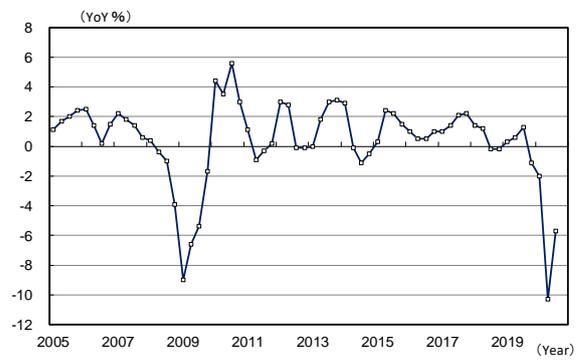
Note: Two vacancies as of 18 January
Source: MUMSS, from House of Councilors data

Figure 6. Cabinet approval ratings



Source: MUMSS, from Nihon Keizai Shimbun

Figure 7. Economic growth



Source: MUMSS, from Cabinet Office data

Three Lower and Upper House by-elections in April; Tokyo Metropolitan Assembly elections in July

Imminent elections seen as presaging the outcome of the Lower House elections later in the year

By-elections will be held in the Hokkaido second district for the Lower House, and in the Nagano and Hiroshima constituencies for the Upper House on April 25. Since a snap general election before April is considered unlikely, these three elections will be closely watched for indications of the outcome of the Lower House elections later in the year. Tokyo Metropolitan Assembly elections are scheduled for July. The regional political party Tomin First no Kai (Tokyoites First Party), founded by Tokyo Governor Koike Yuriko, won an overwhelming victory in the 2017 elections. The LDP lost a large number of seats, but the ruling coalition won the general election in October.

LDP presidential election

Economic policies of Suga and four other LDP candidates

The LDP presidential election is scheduled for September. Suga Yoshihide was elected Prime Minister in the presidential election held following the resignation of former PM Abe Shinzo in September 2020. As he succeeded to the remainder of Abe's term, his term expires in September 2021. Former Chairman of the LDP Policy Research Council Kishida Fumio and former LDP Secretary-General Ishiba Shigeru also ran as candidates in last year's presidential election. Kishida finished second in the presidential race and has recently spoken in the media about his desire to run again. Ishiba, who came in third, resigned as chairman of the Suigetsu-kai faction after the presidential election, but recently assumed the position of faction adviser. Among those who reportedly considered running in last year's presidential election were Minister for Administrative Reform & Regulatory Reform Kono Taro, who is also minister in charge of COVID-19 vaccinations, and Noda Seiko, LDP Executive Acting Secretary-General. Based on currently available information, we have summarized the policies of the five people mentioned above as follows. Roughly speaking, we get the impression that Suga and Kono focus on regulatory reform, while the other three place more weight on redistributive policies.

Figure 8. Main candidates expected to run in the September 2021 LDP presidential election, and their respective economic policies

	Prime Minister Suga Yoshihide	Former LDP Secretary-General Ishiba Shigeru	Former Chairman of the LDP Policy Research Council Kishida Fumio
Economy	<ul style="list-style-type: none"> Continue with Abenomics and move forward 	<ul style="list-style-type: none"> Raise latent growth rate, correct inequality, while maintaining policy framework that seeks to avoid return to deflation Adjust wages, support low-income/child-rearing households 	<ul style="list-style-type: none"> Favorable appraisal of the achievements of Abenomics Eliminate disparities, revive Japanese-style capitalism
Regional economy	<ul style="list-style-type: none"> Build a more vibrant regional economy Raise minimum wage, reform agriculture 	<ul style="list-style-type: none"> Rectify overconcentration by raising productivity and incomes through reviewing work styles and utilizing new technologies 	<ul style="list-style-type: none"> Build "digital green cities" (Interaction between cities and regions through the use of digital technologies)
Social security	<ul style="list-style-type: none"> Self-help, mutual aid, and public assistance Increase support for fertility treatment Final solution to nursery school waiting list problem 	<ul style="list-style-type: none"> Sustainable, people-oriented social security system based on mutual support between working-age people and the elderly (best mix of self-help, mutual aid, and public assistance) 	<ul style="list-style-type: none"> Social security system whereby everyone supports everyone else
SMEs	<ul style="list-style-type: none"> Business restructuring support 		<ul style="list-style-type: none"> Secure appropriate profits for SMEs Coexistence and mutual prosperity with large companies, government support also necessary
Fiscal, monetary policy	<ul style="list-style-type: none"> Extend monetary policy if required 	<ul style="list-style-type: none"> Re-evaluate role performed by consumption tax 	<ul style="list-style-type: none"> Responsibility to future generations for efforts to restore fiscal health
Other	<ul style="list-style-type: none"> Break down bureaucratic sectionalism Reduce mobile phone rates Establish Digital Agency Carbon neutral in 2050 	<ul style="list-style-type: none"> Establish Disaster Prevention Ministry Compulsory adult education (IT skills) 	<ul style="list-style-type: none"> Data-driven society Reduce education and housing cost burdens

	Minister for Administrative Reform & Regulatory Reform Kono Taro	LDP Executive Acting Secretary-General Noda Seiko
Economy	<ul style="list-style-type: none"> Gentle, small government Deregulation necessary to increase labor productivity Review budget spending, reduce number of civil servants 	<ul style="list-style-type: none"> A calmer, gentler, sustainable country Focus on improving structures and quality instead of high growth rates Investment for the future and regulatory reform
Regional economy	<ul style="list-style-type: none"> Transfer revenue sources to local governments 	<ul style="list-style-type: none"> Create regions where it is easy to work and live Agriculture, forestry & fisheries, tourism, energy Institutional development by national government and independent local initiatives
Social security	<ul style="list-style-type: none"> Providing adequate social security for the areas that need it. Introduce principles of competition into childcare and healthcare 	<ul style="list-style-type: none"> Review tax and social security schemes pertaining to spouses
SMEs		
Fiscal, monetary policy	<ul style="list-style-type: none"> Consumption tax hike necessary 	<ul style="list-style-type: none"> Fiscal and monetary policies should move toward normalization Primary balance equilibrium important
Other	<ul style="list-style-type: none"> Original supporter of the idea of budget screening Full-scale acceptance of foreign workers 	<ul style="list-style-type: none"> Optional separate surnames for married couples Measures to counter falling birthrate

Source: MUMSS, from media reports, LDP website, and books written by Ishiba Shigeru (*Seisaku Shijo Shugi*, 2018), Kishida Fumio (*Kishida Vision*, 2020), Kono Taro (*Watashi ga Jiminto wo Tatenaosu*, 2020), and Noda Seiko (*Mirai wo Tsukame*, 2018)

Suga's key policies make steady progress	In his campaign for the LDP presidency last September, Suga said he would continue with Abenomics. However, the government has adopted a more original approach to growth strategy, abolishing the Council on Investments for the Future, which had been leading discussions on economic policy under the Abe administration, and establishing a new Growth Strategy Council. Among the key policies it has launched to break down bureaucratic sectionalism and reform regulations, the government plans to reduce mobile phone rates by introducing new tariffs soon, while preparations are underway for launching the Digital Agency in September. The subsidies and other measures included in the third supplementary budget for FY2020 to encourage SMEs to restructure their businesses may also reflect PM Suga's views.
Ishiba and Kishida differ from Suga on SME and regional policies	The policies of both Ishiba and Kishida, who ran for the presidency in 2020, give the achievements of Abenomics high marks, but emphasize that the program has not benefited regional economies or corrected disparities. Kishida's policies differ from those of the Suga administration in taking a positive approach towards providing needed support for SMEs. PM Suga has specifically cited agriculture and tourism as part of his regional economic policies, but Ishiba has indicated that, in addition to these industries, he wants to make the regions the starting point for the Fourth Industrial Revolution, including AI.
Minister for Administrative Reform & Regulatory Reform Kono Taro promotes deregulation	Kono ran for the LDP presidency in 2009 after the party's election setback. In his somewhat out of date 2010 book, he argues that the LDP should become a new center-right party that aims for economic growth through competition. He stresses the need to improve labor productivity through deregulation and other measures, and suggests that the role of the government should be minimized as much as possible. However, he also says that after stimulating the economy, the LDP should aspire to "gentle, small government" by providing adequate social security for the areas that need it.
LDP Executive Acting Secretary-General Noda Seiko aims for a society that enables women, the elderly and others to make the most of their abilities	In her 2018 book, Noda envisages the next stage of Abenomics as a creating a "calmer, gentler, sustainable country." She stresses the need for institutional reforms to create a society in which women, the elderly, and people with disabilities are able to live a full life and an environment in which women can work comfortably. Since investment in education, human resources, research and development, and other areas is important, regulatory reform is essential to encourage corporate investment.

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Appendix A

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