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Courtesy of the Democratic Party for the People

Three Party Agreement by the Liberal Democratic Party, Komeito, and the Democratic Party for the People (December 11, 2024)

A New Reality in the Japanese Parliament

Transformation of the LDP-Komeito Policy-Making Process after the 2024 General Election

Naoki Takiguchi

In the 2024 general election, the ruling Liberal Democratic Party (LDP) and its junior coalition partner, Komeito, lost their majority, which subsequently affected the policy-making process of the ruling bloc. The minority LDP-Komeito government was compelled to seek support from opposition parties to realize its policies, adopting a more humble approach. This paper reviews the results of the general election in brief and the consequent transformation of the LDP-Komeito policy-making process during the extraordinary Diet session in 2024 and offers reflections by the author.

2024 General election results

Following the political funding scandal¹, the LDP decreased by 56 seats, while Komeito did so by eight seats, jointly securing only 215 seats in 2024 October snap election (See table below.) Although the LDP remained the largest party, the public was harshly critical of the issue and the LDP's handling. All the media outlet polls generally indicated that the political funding scandal had a significant impact on their voting behaviour, e.g. the Yomiuri Shimbun (October 30) reporting that as many as 90% of respondents took this issue into consideration when

Note: Not all references are available in English.

¹ Naoki Takiguchi (2024), *Towards Reiwa Political Reform*, Konrad-Adenauer-Foundation <https://www.kas.de/en/web/japan/single-title/-/content/reiwa-political-reform>

voting. During the 2024 ordinary Diet session prior to the LDP September leadership election, the party factions (except for the Aso Faction) "disbanded" and the Diet revised the Political Funds Regulation Act (政治資金規正法) in June. For instance, new punitive measures to MPs themselves were introduced, if they fail to appropriately declare the settlements of the political fundings. It also required political parties to disclose the details of "political activities allowances (政策活動費)²", provided to party branches by party HQs, in 10 years after their expenditures. But these measures essentially failed to dispel the public's distrust.

Number of Seats Before and After the 2024 General Election

House of Representatives (Lower House) Voter Turnout: 53.85%

Political Parties	Number of seats (before election)	Number of seats (after election)
Liberal Democratic Party (LDP)	247	191
Komeito	32	24
Constitutional Democratic Party (CDP)	98	148
Japan Innovation Party (JIP)	44	38
Japanese Communist Party (JCP)	10	8
Democratic Party for the People (DPFP)	7	28
Reiwa Shinsengumi (Reiwa)	3	9
Social Democratic Party (SDP)	1	1
Sanseito	1	3
Conservative Party of Japan (CPJ)	0	3
Independents	22	12
Total	465	465

(Source: Prepared by the author based on NHK³)

Importantly, a no-confidence motion against the Cabinet can be passed by CDP, JIP, DPFP, Reiwa, JCP, SDP, with some of opposition independents on the seat allocation of the Lower House. In case of such, the Cabinet shall resign en masse, unless the Lower House is dissolved within ten days – Constitution of Japan Article 69.

Transformation of the policy-making process by necessity

The ruling bloc lost its simple majority (233 seats), stable majority (244 seats), and absolute stable majority (261 seats) in the Lower House, being forced to seek "partners" immediately after the general election. As a result, the ruling parties respectively established policy consultation bodies with the DPFP and the JIP, and the policy-making process that had been decided practically solely by the ruling parties had to be transformed. In the special Diet session that followed the general election right after, the opposition parties were unable to agree on the nomination of CDP leader, Yoshihiko Noda, as their joint candidate for Prime Minister. After all, Shigeru Ishiba, the LDP president, was reappointed as the PM in the first run-off vote in 30 years in the Lower House. This was a prelude to the transformation of the policy-making process that followed.

On a parliamentary group basis, the ruling bloc is 13 seats short of a simple majority in the Lower House. The budget and bills can be passed by the Lower House only with support from additional parties. Conversely, the DPFP and JIP would be a much more powerful force if they worked together to deal with the ruling coalition. The CDP is now led by conservative Noda, and shortly before the 2024 general election he and PM Ishiba engaged in a respectful discussion at a parliamentary question time. Political scientist Koji Nakakita, a professor of Chuo University, points out that (1) the era of confrontational politics (between the ruling and opposition parties) during the Abe administration is now a thing of the past and (2) Japanese politics are becoming more centrist with the election of Ishiba and Noda for respective party

² The political activities allowances were banned in December 2024.

³ NHK, *House of Representatives Election 2024 Special website*, <https://www.nhk.or.jp/senkyo/database/shugiin/>

leaderships at the same time.⁴ PM Ishiba having said that he, Noda, and Seiji Maehara, co-chairman of the JIP, "share something in common in terms of aiming for political centrism," he mentioned that a grand coalition could be a possible option, but expressed a concern on such a scheme.⁵

The new setup in the Diet is leading to negotiations that have not been part of the parties' playbooks in recent years. On November 20, at a Meeting of the Policy Chiefs of the LDP, Komeito, and the DPFP, it was agreed that the supplementary budget for economic stimulus be passed at the earliest point within the year⁶. Subsequently, on December 11, the Secretaries-General of the three parties agreed on two points⁷: (1) "to raise the 'tax-free income threshold of 1.03 million JPY [ca. 6,400 EUR] (103 万円の壁) aiming for 1.78 million JPY [ca. 11,000 EUR] starting FY2025 (and beyond)," which the DPFP has been advocating, and (2) "to abolish the so-called 'provisional gasoline tax rate (ガソリンの暫定税率)⁸." However, at the December 17 three-party tax system consultation, the DPFP left the negotiation table being discontent with the ruling bloc's proposal to set the tax-free income threshold at 1.23 million JPY [ca. 7,600 EUR] for FY2025, claiming that this was in violation of the Agreement of the three-party Secretaries-General. PM Ishiba commented on this, "... (we) would like to continue the consultation, and to respond in good faith."⁹ In the end, the Ruling Parties' Tax Reform Guidelines for FY2025 were for the meantime settled between the LDP and Komeito, but the three-party talks including DPFP are to continue in 2025 until the final decision is taken. Meanwhile, the ruling parties also agreed with the JIP to begin policy talks on 'tuition-free education (教育の無償化),' and in response, the JIP approved the supplementary budget. As a result, with the support of the DPFP and the JIP, the ruling bloc was able to pass and enact the supplementary budget despite being a minor government. It is also worth noting that this supplementary budget was partly revised for the first time in 28 years in response to a proposal by the CDP.

On the political reform side of the discussion, the opposition's demand for the "abolition" of corporate donations made to political parties was not agreed for the time being and remains a flashpoint for early 2025. Junior coalition partner, Komeito, supported the abolition of the abovementioned murky "political activities allowances" aligning with opposition forces, furthermore Komeito and the DPFP jointly proposed a bill to establish a third-party organization to monitor political funds as a Diet body. This must have put pressure on the LDP to abandon its own proposal. Given the constellation, it can be said that the Diet has moved closer to what the ruling and opposition parties call a "Diet of deliberation (熟議の国会)."

More responsibility shared with the opposition

Government-sponsored bills or policies were essentially settled by the ruling bloc before being submitted to the Diet previously, however these can be revised through deliberations with the opposition parties more frequently than before. As an impact of the hung parliament, the Diet deliberations can become more substantive. Meanwhile, in response to the DPFP's demand to raise the '1.03 million JPY tax-free income threshold' to 1.78 million JPY, the Ministry of Finance estimates, it would result in a seven to eight trillion JPY [6,2 Billion to decrease in

⁴ Koji Nakakita, 'Organized Parties Desperate to Adapt to the Times,' Nikkei, November 2, 2024.

⁵ The Yomiuri Shimbun <https://www.yomiuri.co.jp/politics/20250102-OYT1T50050/>

⁶ LDP, "Ruling Parties and DPFP agree to enact supplementary budget by the end of the year," November 20, 2024. <https://www.jimin.jp/news/information/209439.html>

⁷ DPFP, "LDP, Komeito, DPFP agreed to raise the "1.03 million JPY barrier" and to abolish the "provisional gasoline tax rate" at the meeting of Secretaries-General" https://new-ko-kumin.jp/news/policy/20241211_1

⁸ LDP, Komeito, DPFP, "Agreement" December 11, 2024

⁹ NHK, "'1.03 million JPY Annual Income Barrier': No New Proposal, DPFP repulses, No Agreement Reached," December 17, 2024, <https://www3.nhk.or.jp/news/html/20241217/k10014670401000.html>

tax revenues.¹⁰ In comparison, the JIP's goal of 'tuition-free education' is by far "cheaper" (e.g., approx. 600 billion JPY [ca. 43 to 50 Billion EUR] for high school tuition without income restrictions¹¹), and the party and the ruling bloc are set to discuss this as a "priority" for deliberations on the FY2025 budget. In other words, the ruling parties are weighing both the DPFP and the JIP on a scale.

The Upper House election this summer will be important in determining whether the framework of the coalition and the nature of the government itself will change and what kind of policy-making process will be established. In any case, the ruling and opposition parties must share responsibilities and be sincere in moving the wheels of policy forward under the new Lower House strength. Finally, the political funding scandal was caused by the lack of a sense of legal compliance among the LDP factions involved, and its consequences were such that the ruling parties could not maintain their majority even with the LDP's practice of what many consider 'pseudo change of government (疑似政権交代) to PM Ishiba. As Ishiba wrote in his book published prior to the party leadership election, he would be elected prime minister "when the LDP or the country are at a major impasse."¹² Whether he can reestablish public trust in Japanese politics, will be a fundamental challenge.

¹⁰ Yuichiro Tamaki, DPFP President, examines and sees the likely amount as approx. 2.4 trillion JPY from the Cabinet-Approved Budget Plan. <https://x.com/tamakiyuichiro/status/1872858894772609033>

¹¹ JIP, Press Conference by Co-Chairman Seiji Maehara on December 19, 2024 <https://www.youtube.com/watch?v=fCBrCggJuuHl>

¹² Shigeru Ishiba, "Conservative Politician Shigeru Ishiba," pp19-20, Kodansha, August 7, 2024.

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