



**JAPANESE POLITICS  
IN 2020: THE 8TH YEAR OF THE  
ABE ADMINISTRATION**

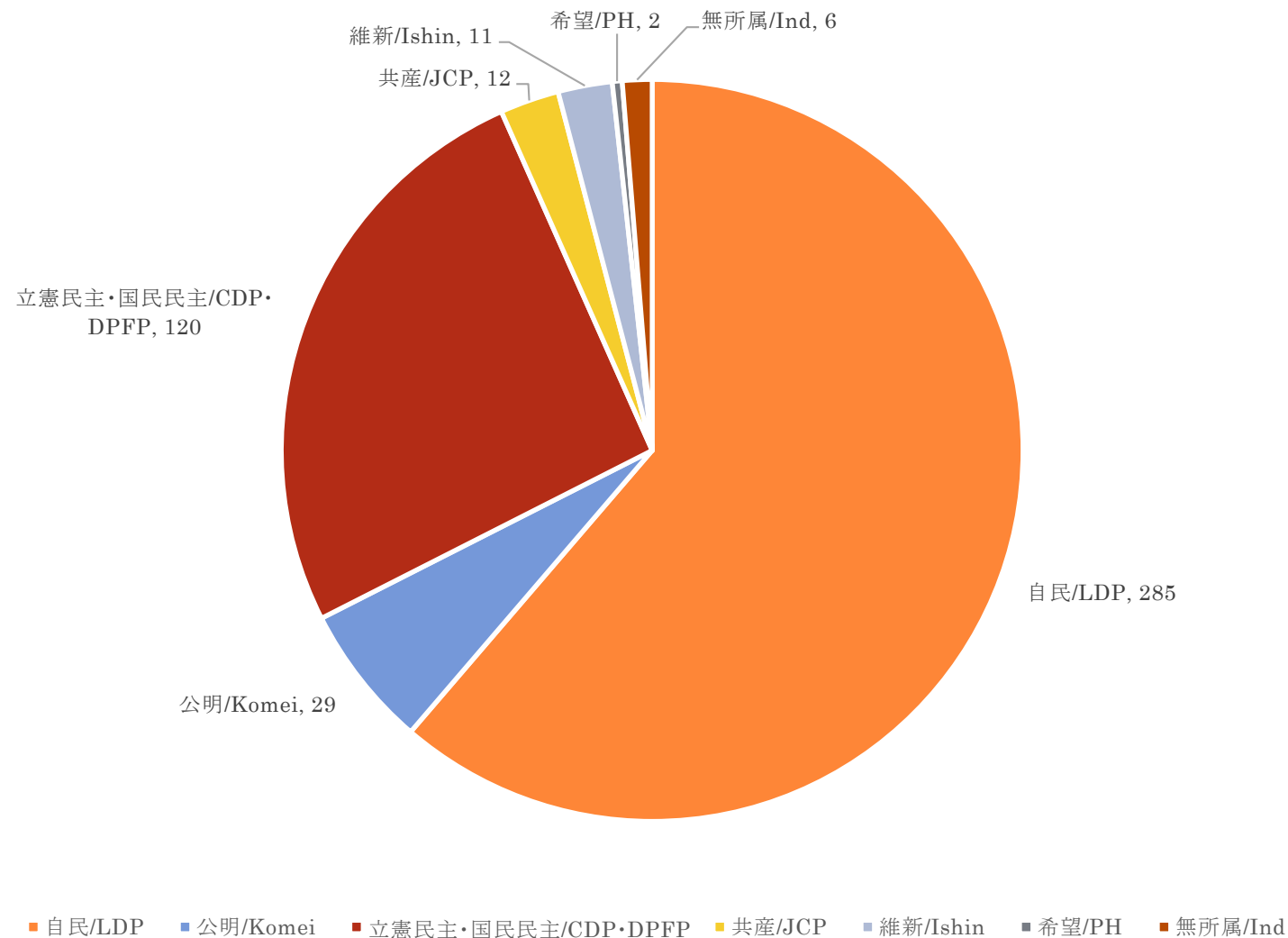


**Foreign Press Center Japan Briefing  
2020/01/08**

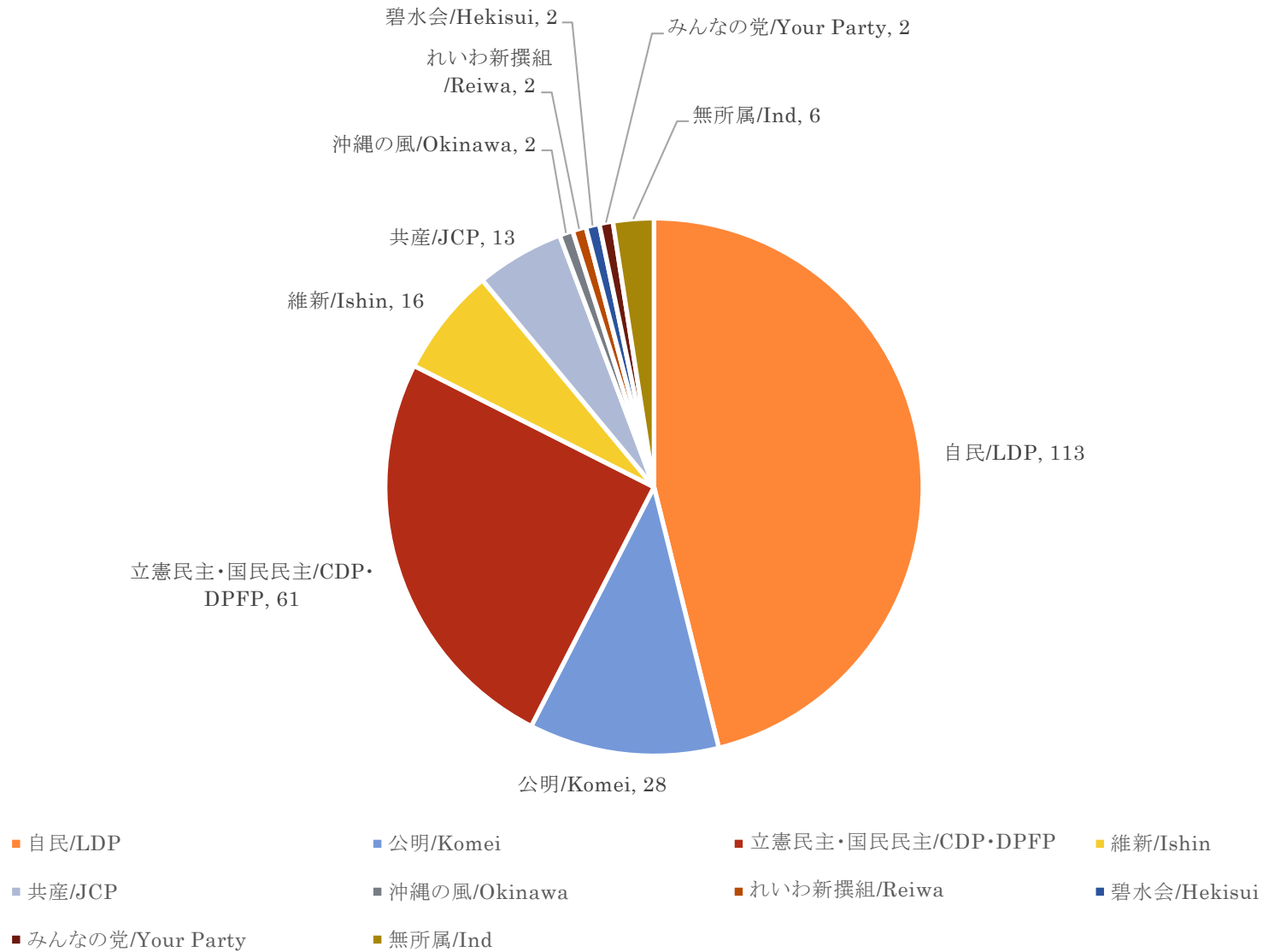
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# INTRODUCTION

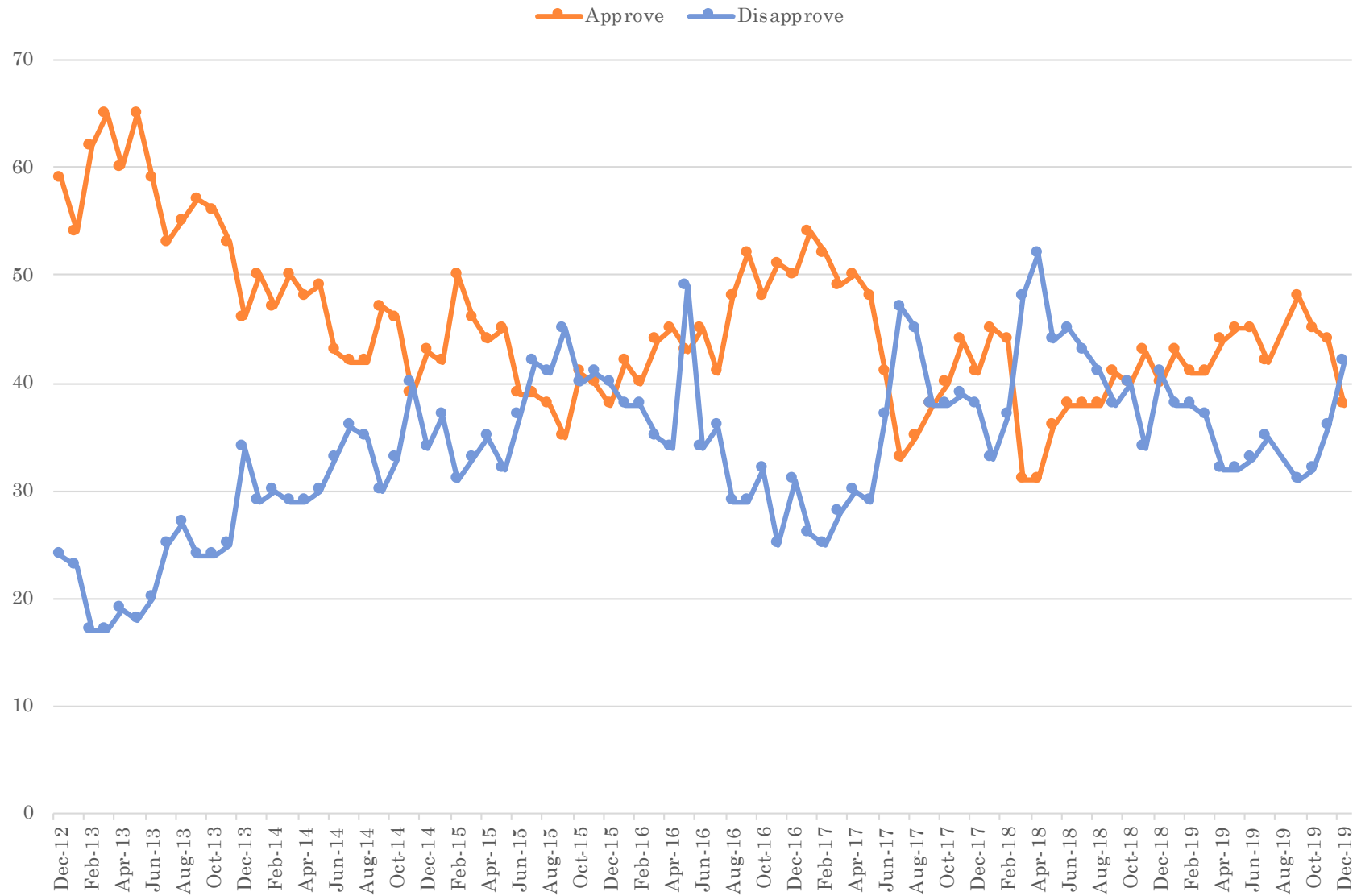
## 1. Lower House



## 2. Upper House



### 3. Approval Rate



4. Longest serving prime minister = 2916 days  
→ 8<sup>th</sup> year.

## **Agendas for 2020**

Jan-March. Budget Deliberation (102.6 Trillion)

April. Japan-China summit meeting.

Apr- July. Social Security Reform

July. Tokyo Governor's Election

July-Aug. Tokyo Olympic

Aug-Sep. Tokyo Paralympic

Fall. Extraordinary Diet Session: Social Security Reform

Nov. US Presidential Election.

## **2021:**

Sep. PM Abe's term expires as LDP president

Oct. Term of Lower House expires

# I. TRANSFORMATION OF THE JAPANESE POLITICAL SYSTEM AND PRIME MINISTER'S POWER

1. Shift from 55 system to a “new” system in 2000s
2. 55 System (1955-1993)
  - 1) Formation of LDP and Social Democratic Party in 1955.
  - 2) Prime Minister with weak political clout.
  - 3) LDP government as a coalition government of between 1955 and 1993.
  - 4) SNTV= One electoral district electing 3 to 5 politicians.
    - a) Several LDP candidates from the same district.
    - b) For LDP candidates party label has almost no value.
    - c) Easy to get elected as an independent candidate.
    - d) Provides room for factions -> Dominance of factions within the LDP

### 3. 55 System (1955-1993) as a Consensus Model

|                                    | Consensus Model                   | 1955 system                                   |
|------------------------------------|-----------------------------------|---|
| Executive power                    | Coalition cabinet = power sharing | LDP cabinets = coalition cabinets of factions |
| Executive-legislative relationship | Balance of power                  | Independent Diet                              |
| Party System                       | Multi-party system                | Multi-party system                            |
| Electoral System                   | PR                                | SNTV  |
| Bicameralism                       | Strong                            | Strong  |



#### 4. Shift toward a Westminster Model

- 1) Prime Minister with more political clout
- 2) Closer to a single party cabinet = No more coalition cabinet of LDP factions.
- 3) Electoral system FPTP + PR → closer to FPTP.
- 4) Party system conducive to two party system.

|                                    | Westminster Model                             | Current system                                      |
|------------------------------------|---|---|
| Executive power                    | Single party cabinet = concentration of power | <b>Single party cabinet= Concentration of power</b> |
| Executive-legislative relationship | Cabinet dominance                             | Independent Diet                                    |
| Party System                       | Two-party system                              | <b>Now fluid</b>                                    |
| Electoral System                   | FPTP  | <b>FPTP+PR (more seats allocated to FPTP)</b>       |
| Bicameralism                       | Weak  | Strong  |

## 5. Sources of change

### 1) Electoral reform of 1994

- a) Increased importance of party endorsement
  - (1) More difficult to get elected as independent
  - (2) One candidate in one constituency
- b) Concentration of political funds to parties

### 2) Administrative reform of 2001

More legal authority to the PM for policy formulation

## II. PRIME MINISTER'S POWER UNDER THE SECOND ABE ADMINISTRATION (2012-

### 1. Further Increase in Prime Ministerial Power

- 1) PM power in the party
- 2) PM power in the government



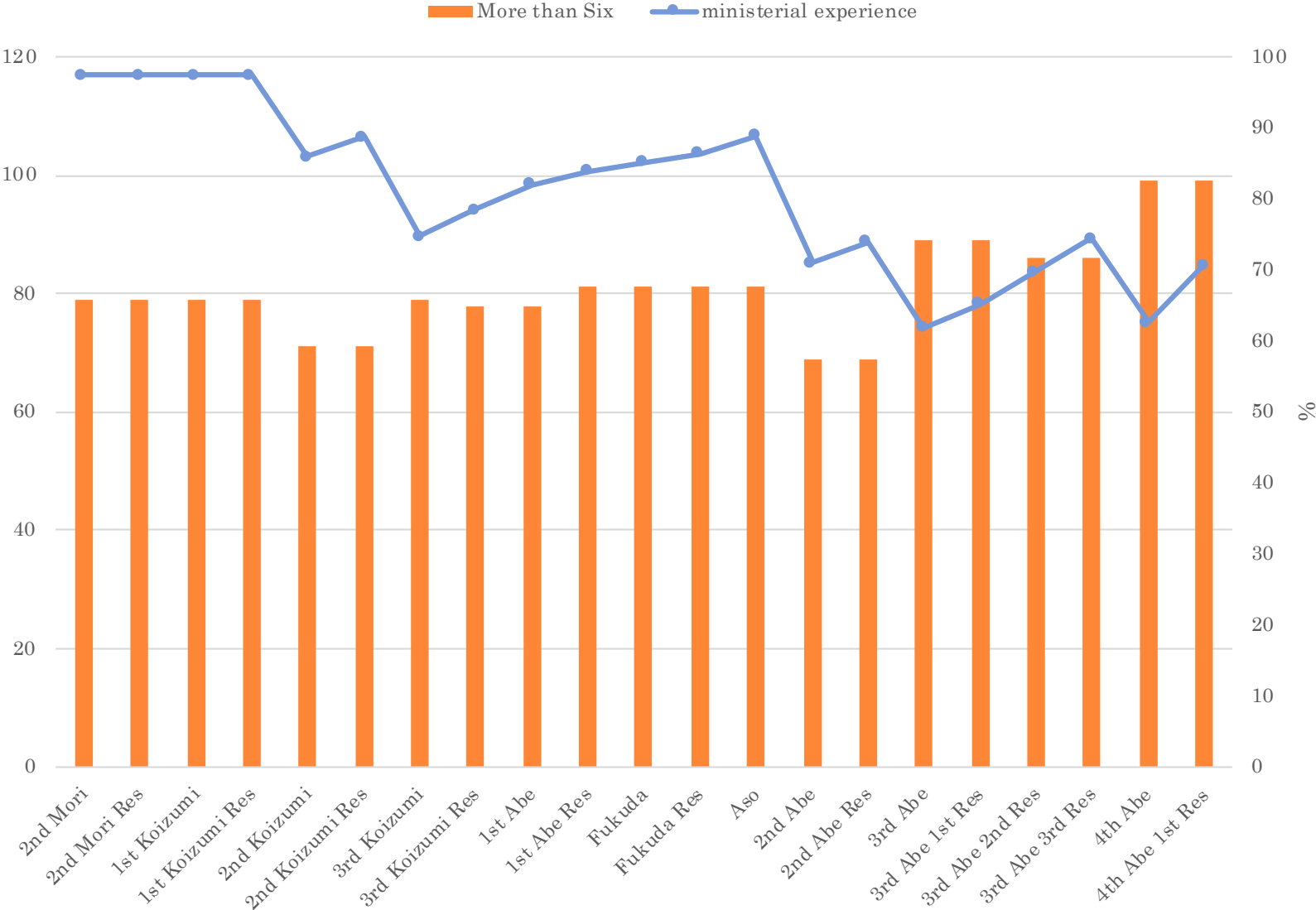
## 2. PM power increase in the party

1) Norm of “Elected 6 times, then you are a minister” broken!

a) In the past most LDP back benchers who have got elected 6 times could expect to be appointed ministers -> Almost 100%

b) Under the Abe administration this figure has gone down to around 70%.

# Ration of Politicians with Ministerial Experience



## 2) Long Serving Ministers

a) No reshuffling between 2012.12 and 14.9

b) Big Three (2012.12-2017.8)

- Deputy Prime/Finance Minister Aso Taro
- Chief Cabinet Secretary Suga Yoshihide
- Foreign Minister Kishida Fumio



c) Average term of these three ministers from 2000-12.

- Finance (356 days)
- Chief Cabinet Secretary (427 days),
- Foreign (356 days)

3) Any implications for PM power?

Prime minister can now resist pressure from backbenchers for promotion.

4) Where does this power come from? PM's leverage over endorsement

### 3. PM power increase in the cabinet and enhanced role of the Cabinet Secretariat

#### 1) Cabinet Secretariat

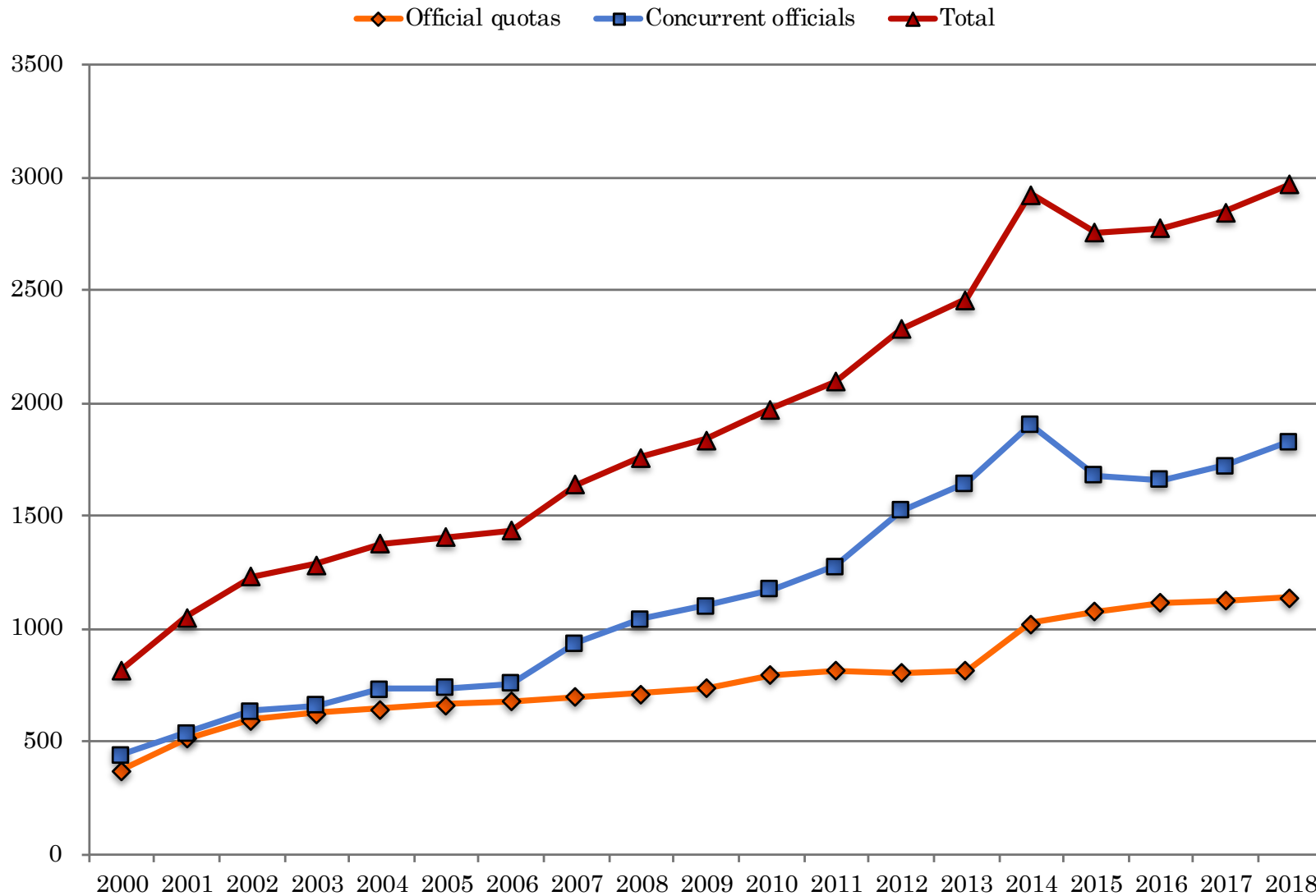
- a) Originally set up to deal with routine work
- b) Gradually enhanced responsibilities over coordination of policies involving various ministries.
- c) 2001 reform increased its authority to support prime minister's policy formulation

#### 2) Important policies prepared by the cabinet secretariat

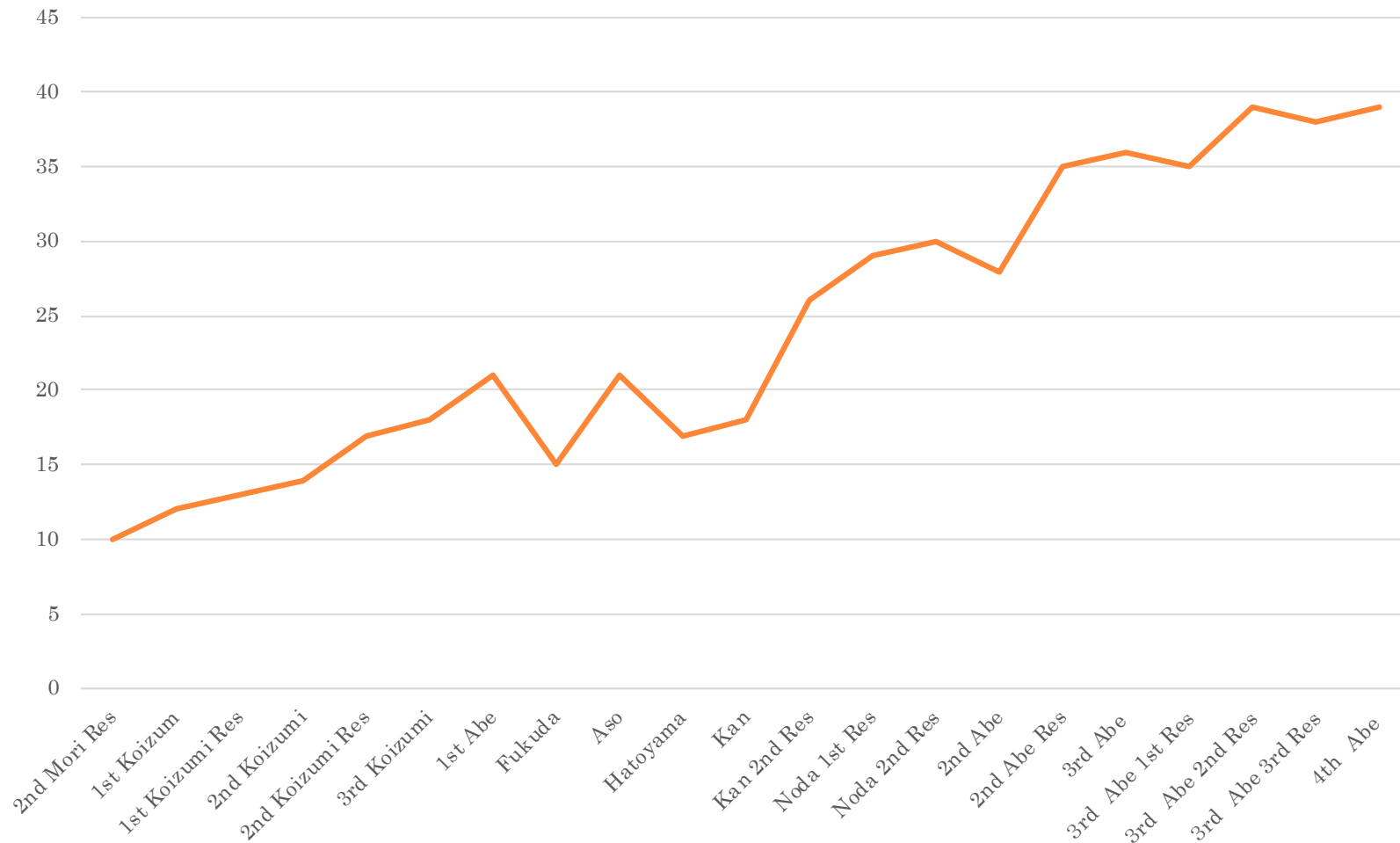
- a) Key economic policies and intl. economic negotiations
- b) Security related bills of 2015 to enhance role of SDF in international military confrontations.



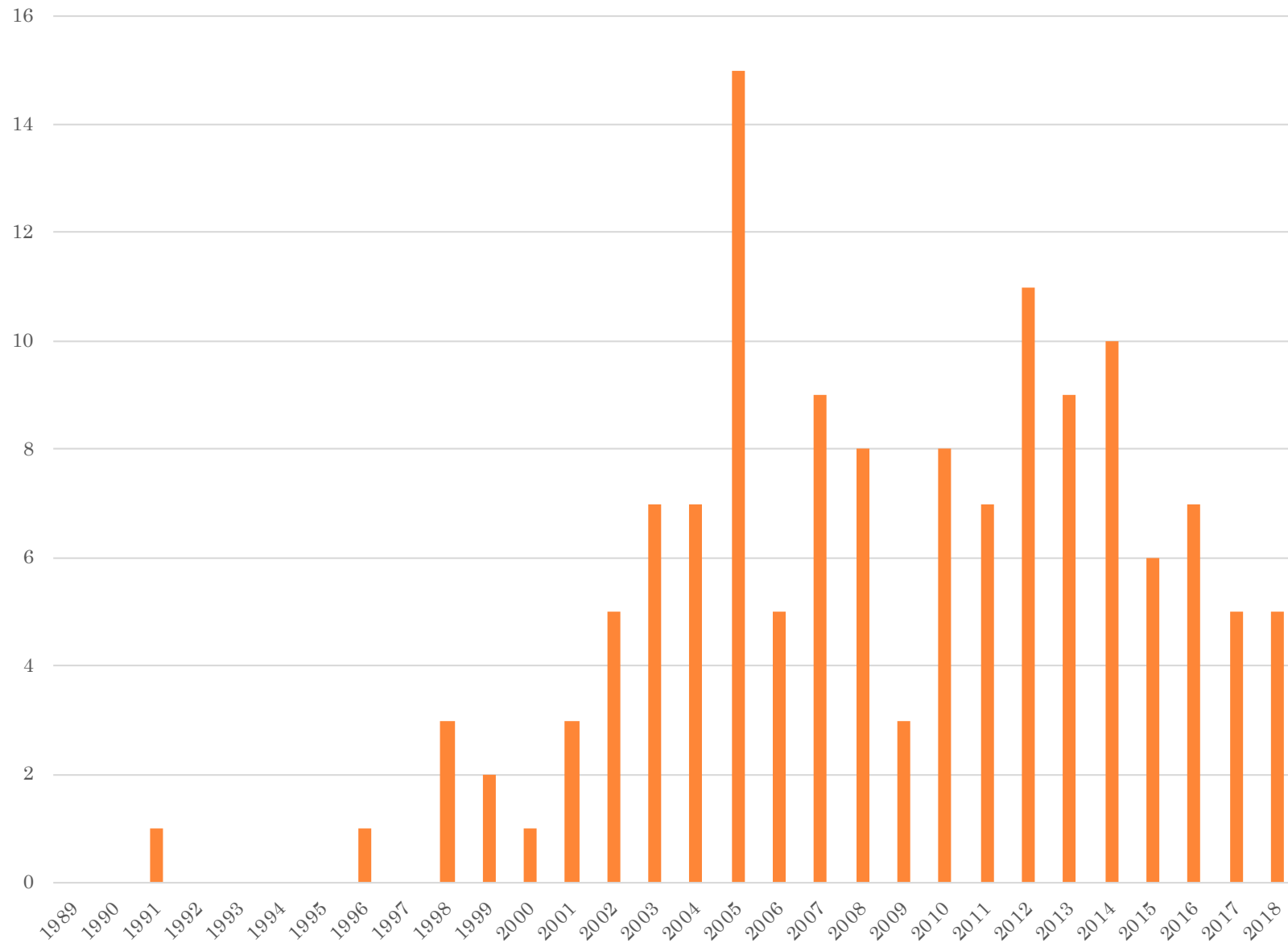
### 3) Number of Officers in the Cabinet Secretariat



#### 4) Special Policy Units in the Cabinet Secretariat



## 5) Number of Bills Submitted by the Cabinet Secretariat



#### 4. Further Institutional Reforms Increasing PM power

1) Introduction of **National Security Council** (2013. 12) and Security Bureau in the Cabinet Secretariat (2014.1)

-> Enhances prime minister's power over security policy.

2) Creation of **Cabinet Bureau of Personnel Affairs** (2014.4)

a) Increased the prime minister's power on appointment of high ranking officials in the ministries.

b) Before the reform the PM had power of veto.

After the reform the PM now can have more substantive power as the ministers have to make **pre-appointment consultations** with the PM.

# III. AGENDAS 2020: LONG TERM TRENDS

1. 1<sup>st</sup> period: Dec 2012 ~ Sep 2015

= Era of Abenomics

1) Monetary easing

2) “Growth Strategy” or “Structural Reforms”

2. 2<sup>nd</sup> period: Sept 2015 ~ Sep 2019

= Era of social and labor policies

1) Workstyle reform: serious regulations on over working hours

2) “Make Education Free”

a) Pre school education and day care services

b) Make tuitions for universities free for low income households.

3. 3<sup>rd</sup> period: Sep 2019 ~

= Era of “Social Security Reform for All Generations”

## IV. AGENDAS 2020: TOWARD AN AGE OF “YOU LIVE UNTIL 100 YEARS OLD”

### 1. Underlying factors

1) Life expectancy simply getting longer.

a) Male: 81 years b) Female: 87 years

2) Reduction of working age population.

### 2. Abe Cabinet aims at increasing the number of population among those who are older than 65 years old.

1) In 2020 regular Diet session, it will introduce a new legislation to encourage companies to hire senior people who are older than 65 years old.

2) Also in 2020 regular Diet session, it will amend Civil Service Law to extend retirement age of civil servants from 60 years old to 65 years old.(Only 17% of firms set retirement age at 65 years old)

### 3. Health care insurance reform

- 1) Ask those above 75 years old to pay more for medical services
- 2) From 10% of costs to 20% of costs.

## V. AGENDAS 2020: CONSTITUTIONAL AMENDMENT

1. 164 seats needed to propose amendment in HOC.

2. Seats allocation

- LDP 113
- Komei 28
- Ishin 16
- Independents 3 (By Nikkei)

→ 160: 4 seats needed.

3. Work on NDP?



#### 4. Development before the current Abe administration.

- 1) LDP committed to amending constitution since its formation in 1955.
- 2) LDP had been referring to constitutional amendment since 2000 general elections.
- 3) April 2012. LDP proposes draft for Constitutional Amendment

#### 5. Abe administration

- 1) PM Abe has been **eager to amend constitution**.
- 2) LDP made a commitment to amend constitution in 14 general election and 16 HOC election
- 3) May 2017, PM Abe proposes to **amend Article 9** and to refer to the SDF in the constitution.

6. In the Oct 2017 election, LDP proposes to amend constitution in the following areas

- 1) Specific reference to the SDF
- 2) Free and enrichment of education
- 3) Responses to emergency situation
- 4) Elimination of “merged district” in the HOC election.



## 7. LDP Presidential Election Sep 2018.

- 1) Before the election PM Abe claims that he will have the LDP submit a formal proposal of amendment to the Diet.
- 2) After the election, PM Abe says that he will have the LDP explain general ideas about possible amendments.
- 3) In the extraordinary Diet session in 2018, the LDP did not make any explanations.

## 8. HOC election 2019: “Amend Constitution soon”

## VI. AGENDAS 2020: EXTERNAL RELATIONS

### 1. Middle East!!!

- Japan has dispatched a frigate to the Arabic Sea

### 2. Free and Open Indo-Pacific Vision

1) India 2) Australia 3) ASEAN 4) Middle East

### 3. Sino-Japan Relation

### 4. North Korea

### 5. South Korea

## VII. AGENDAS 2020: POLITICS

### 1. Cherry Blossom Party Quagmire

- 1) PM invited too many supporters
- 2) He might have entertained them (possible violations of electoral regulation law as well as political funds regulation law)

### 2. Integrated Resort Scandals

5 LDP politicians suspected of receiving briberies or illegal financial contributions.

### 3. General Election of the Lower House

- 1) After regular Diet session before Olympics
- 2) After Olympics

### 4. Tokyo governor's election (July 5, 2020)

- 1) Stable support for Governor Koike
- 2) NHK opinion polls (July 2019)
  - a) Highly evaluate the current administration (ooini): 7%
  - b) More or less (aru teido): 52%

### 5. US presidential election (Nov. 2020)

If President trump gets re-elected, then .....

## VIII. WHO SUCCEEDS ABE?

1. Suga Yoshihide: Chief Cabinet Secretary  
(1948.12.6. 71)



2. Kishida Fumio: Chairman of Policy and  
Research Council (1957.7.29. 62)



3. Koizumi Shinjiro: Minister of the  
Environment (1981.4.14. 38)



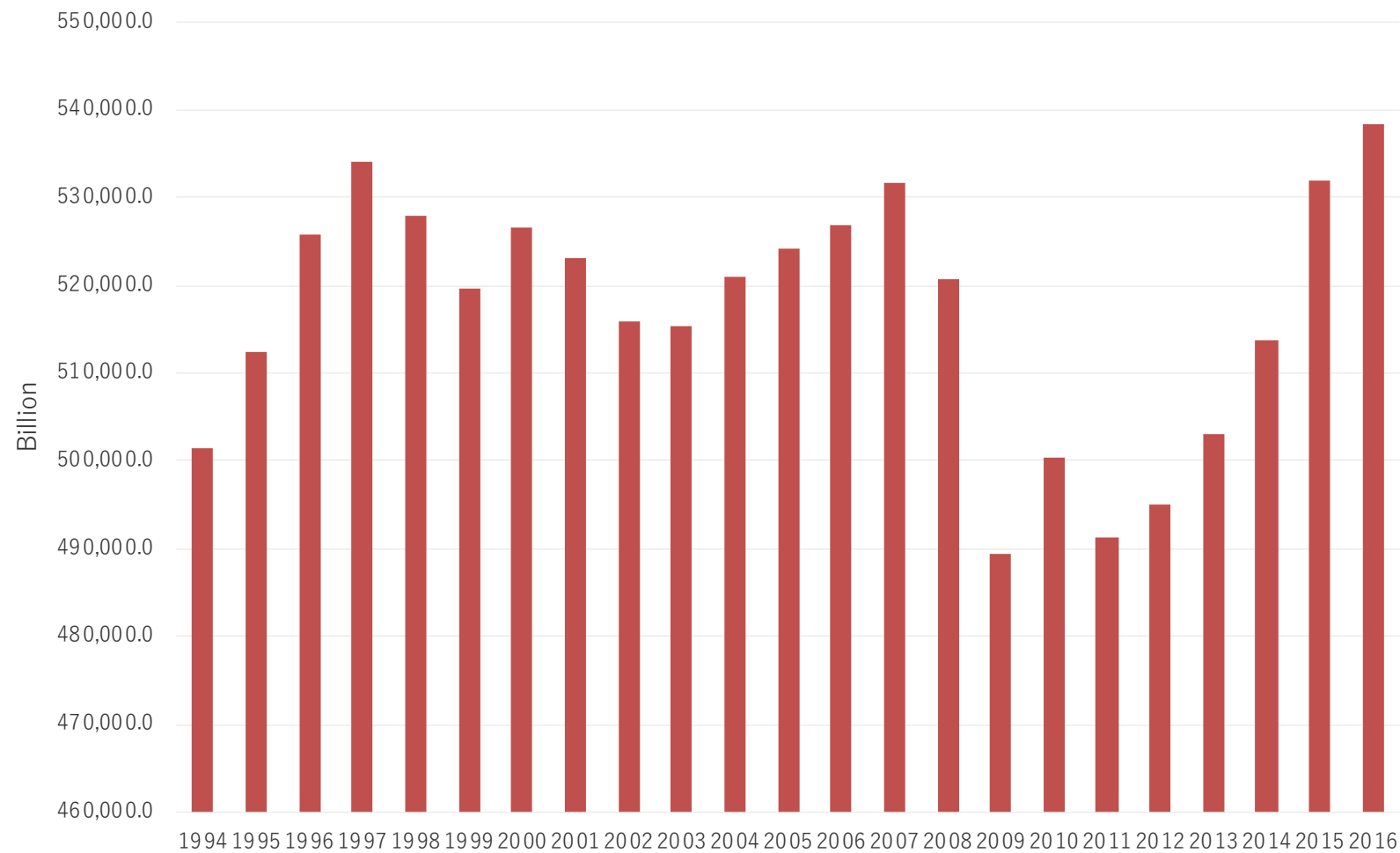
# APPENDIX. REVIEW OF PAST POLICIES①:

## THREE ARROWS

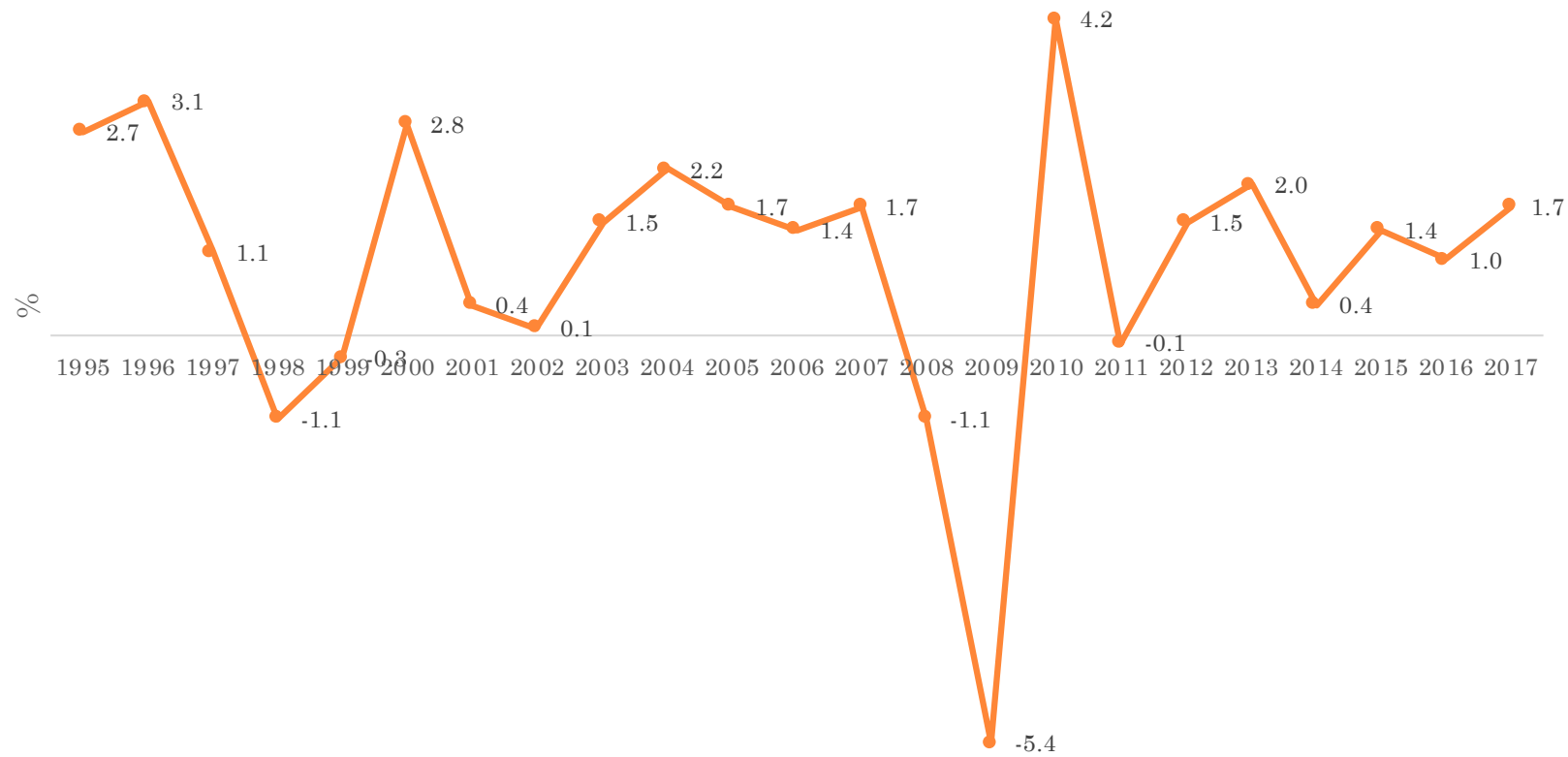
1. The First Arrow: Bold Monetary Policy
  - 1) March 2013. Appointment of Governor Kuroda
  - 2) April 2013. Quantitative and Qualitative Monetary Easing
  - 3) October 2014. Additional Easing
  - 4) August 2016. QQME with negative interest rate
  - 5) September 2016, QQME with operations on Long term and Short term interest rate
2. The Second Arrow: Flexible Fiscal Policy
  - 1) Real FY 2013 Budget:¥105.7 trillion (FY2012 Sup Budget (¥13.1 trillion) +FY2013 Budget (¥92.6 trillion))
  - 2) Real FY 2014 Budget:¥100.3 trillion
  - 3) Real FY 2015 Budget:¥99.4 trillion
  - 4) Real FY 2016 Budget:¥100 trillion
  - 5) Real FY 2017 Budget:¥101 trillion
  - 6) Real FY 2018 Budget:¥100.3 trillion
  - 7) Real FY 2019 Budget:¥104.1 trillion
  - 8) Real FY 2020 Budget:¥105.7 trillion
3. The Third Arrow: Structural Reform (Growth Strategy)



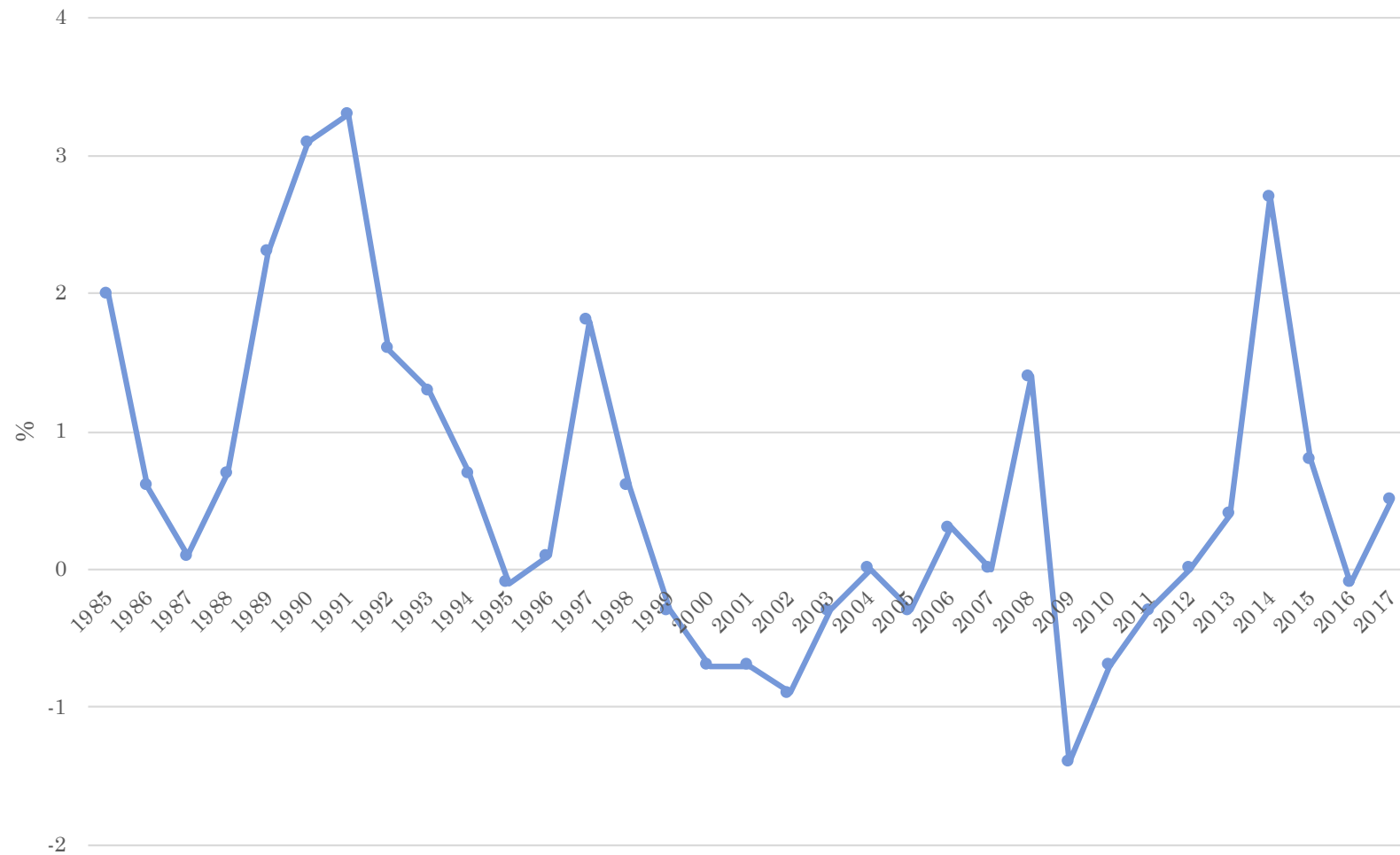
## Nominal GDP



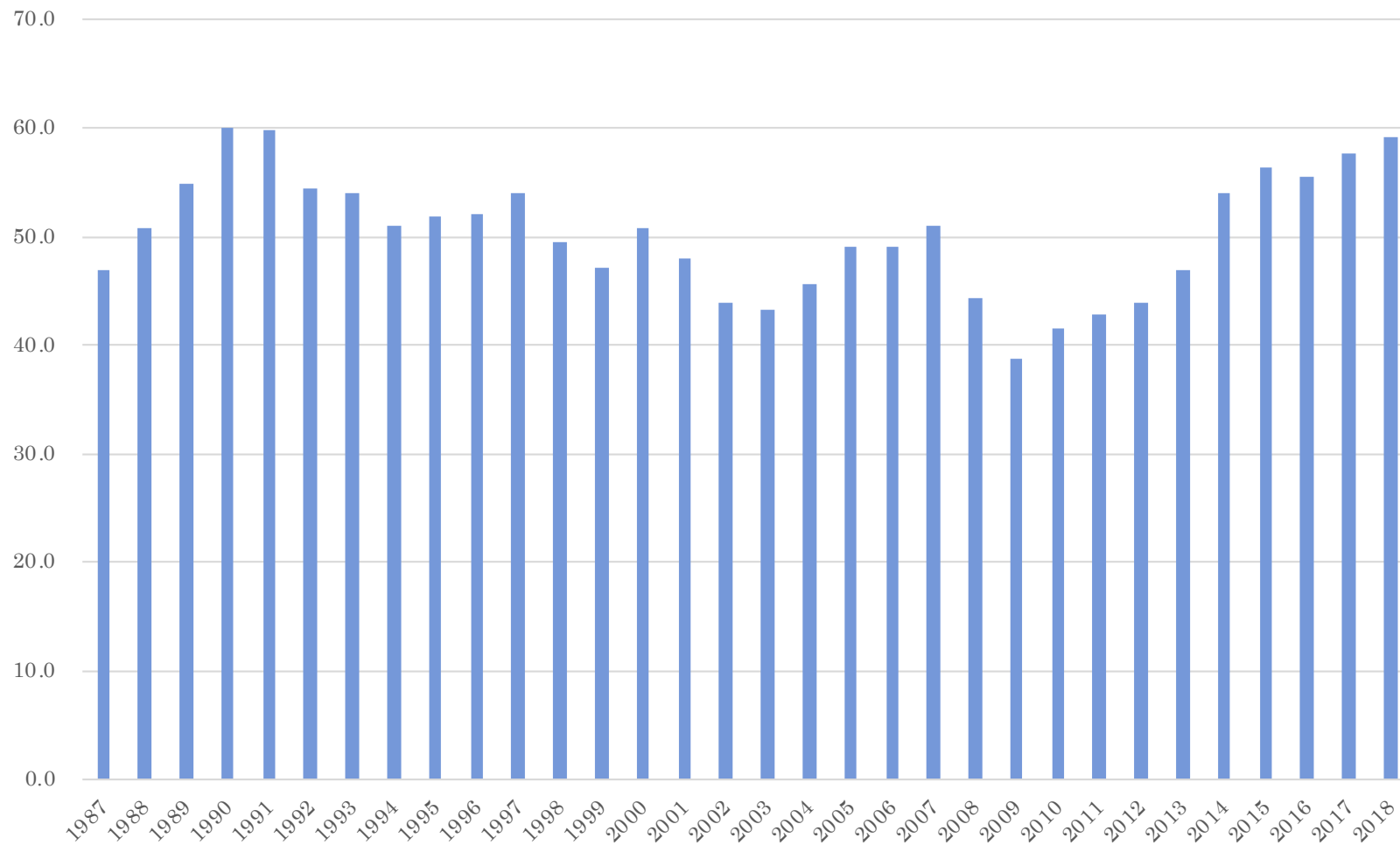
## GDP Growth Rate



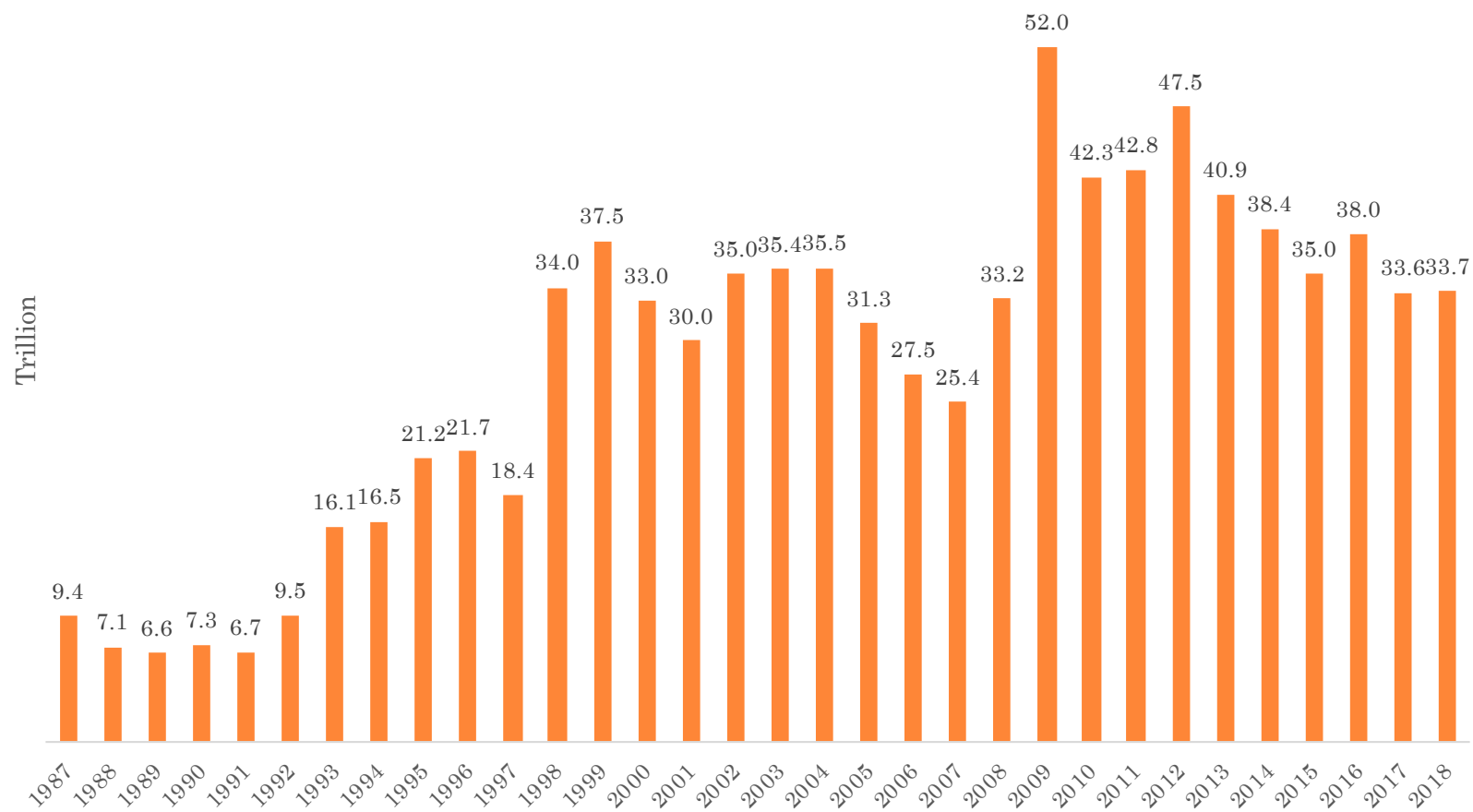
## CPI



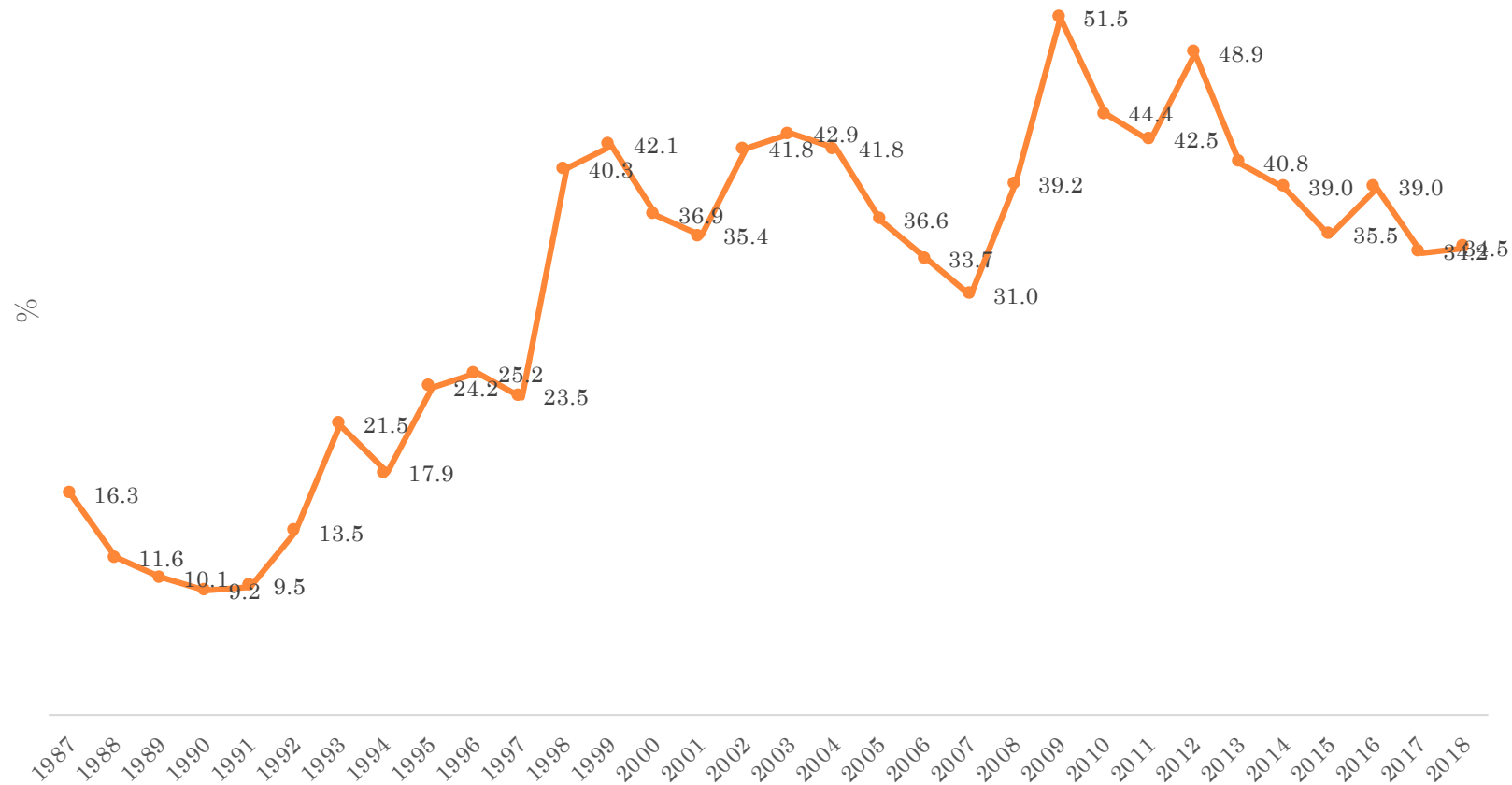
## Revenue



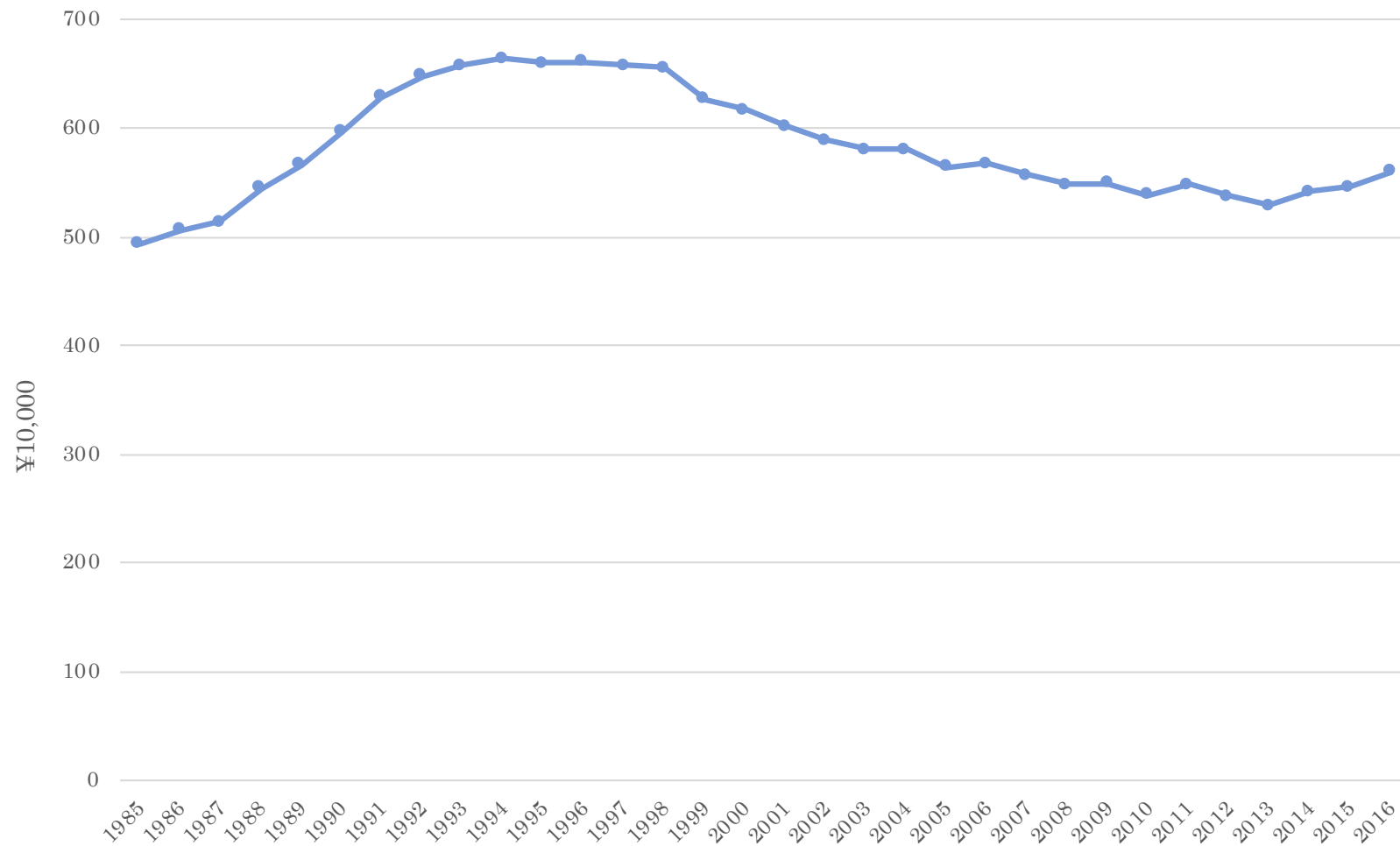
## JGB



## Ratio of Bonds in the Budget



## Average Household Income



# REVIEW OF PAST POLICIES②: THE THIRD ARROW

## 1. TPP11

### 1) Chronology

- a) June 2017 negotiations begin.
- b) Nov. 2017 countries agree on “core” part.
- c) Jan. 2018 negotiations gets concluded.
- d) June. 2018 Japan passes TPP related legislations.
- e) Dec. 2018 TPP comes in to effect.

### 2) Substances

#### a) Tariff reduction

- (1) tariff on beef and other agricultural products reduced.
- (2) tariff on auto and auto parts reduced.

#### b) Speedy custom clearances

#### c) Expansion of e-commerce (third country server permitted)



## 2. Japan EU Economic Partnership Agreement

### 1) Chronology

- a) April 2013 negotiations begin.
- b) July. 2017 Japan EU reach agreement in principle.
- c) Dec. 2017 negotiations get concluded.
- d) Aug. 2018 Japan and EU sign the agreement.
- e) Dec. 2018 Japan and EU ratify the agreement.
- f) Feb. 2019 the EPA will come into effect.

### 2) Substances: Tariff reduction

- a) tariff on all manufactured goods eliminated.
- b) tariff on agricultural products reduced (beef, wine)

### 3. Tax Reforms

- 1) FY 2014. Reduction of Effective Corporate Tax Rate from 38.01% to 35.6
- 2) FY 2015. 32.11%
- 3) FY 2016. 29.77%

### 4. Electric Service Liberalizations

- 1) FY 2016. Liberalization of retail market.
- 2) FY 2020. Complete liberalization -> separation of generating companies and transmission companies

## 5. Agricultural Reforms to increase competitiveness

- 1) FY 2014 Introduction of Farmland Management Organization
- 2) FY 2015 Reduction of Central Union of Agricultural Co-operatives over regional agricultural co-operatives.
- 3) FY 2016 (LDP proposal) JA (National Association of Agricultural Cooperatives) Reform (the target year of implementation not specified)
  - a) No more selling of farm machineries and fertilizers to farmers
  - b) More selling of agricultural products purchased from farmers instead of selling as “agents” of farmers.
- 3) FY 2018 Repeal of forced reduction of rice production.

## 6. Corporate Governance Reforms

- 1) FY 2015 Defacto mandatory introduction of external directors.
- 2) FY 2014 Introduction of Japanese stewardship code
- 3) FY 2015 Introduction of Japanese governance code  
(At least 2 external directors strongly recommended)
- 4) FY 2016 Guideline on Corporate Governance
  - a) Disclosure for the status of advisors and councilors
  - b) Ex CEO's expected to act as external directors
- 5) FY 2017 Revised stewardship code
  - Institutional investors expected to disclose their voting records on individual agendas

6) FY 2017 TSE Revises requirements for corporate governance report

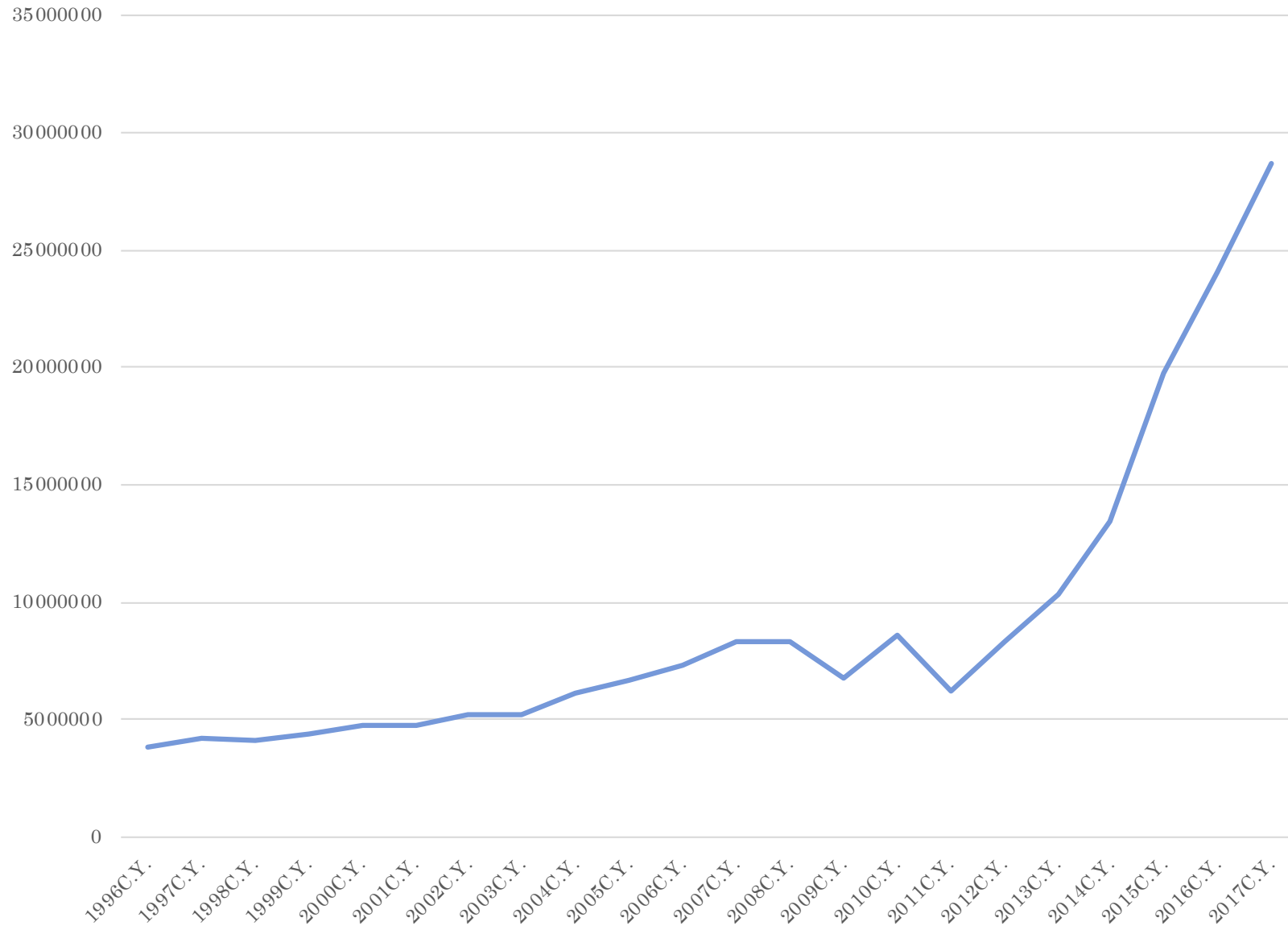
→ Enlisted companies have disclose status of former presidents who serve as advisors or councilors

7) FY 2019 amendment of corporate law and mandatory introduction of external directors for listed companies.

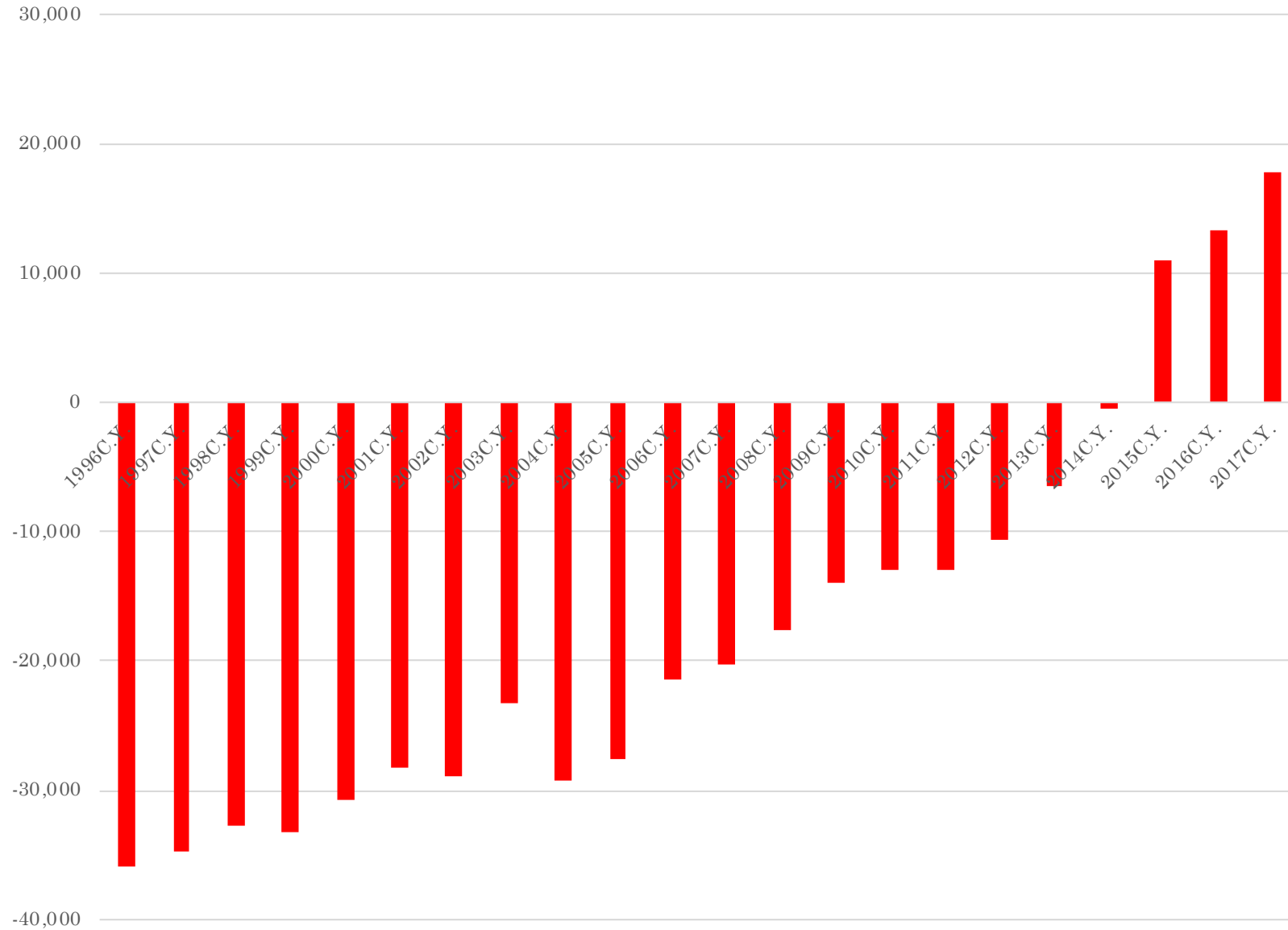
## 7. Inviting more foreign visitors

- 1) FY 2013 10.3 million, FY 14 13.4 million, FY 15 19.7 million, FY16 24.0 million, FY17 28.6million
- 2) FY 2014 Expansion of Haneda Intl Airport Capacity (0.45 million landing and takeoffs)
- 3) FY 2014 Expansion of Narita Intl Airport Capacity (0.3 million landing and takeoffs)
- 4) FY 2016 Daytime Flights from Haneda Airport to the US
- 5) FY 2020 Further Expansion of Haneda Intl Flight Slots by 40000/year (100/day)
- 5) FY 2020 (Target) 40.0 million visitors

## Number of Foreign Visitors



# Travel Balance





## **REVIEW OF PAST POLICIES③: LEGISLATION OF SECURITY RELATED BILLS IN SEP. 2015.**

### **1. Dramatic shift from Japanese security policy**

1) 1980s: Japan concentrates on self defense.

2) Now:

a) Partial exercise of the right of collective self-defense.

b) Combat support for US and other forces

(1) When a situation arises threatening Japanese security.

(2) When there is a UN resolution calling for foreign countries to respond to deal with actions jeopardizing international peace.

c) More active role in UN PKO.

|  | Before  | After  |
|--|---|--|
| Exercise of the right of collective self defense | Impossible  | Possible under some conditions: “attack against a foreign country that is in a close relationship with Japan                           |
| Combat support for US and other forces 1)        | 1) Situations in Areas Surrounding Japan that will have an important effect on Japanese security<br>2) Combat support very restricted | 1) Situations in Areas Surrounding Japan that will have an important effect on Japanese security<br>2) Combat support less restricted. |
| Combat support for US and other forces 2)        | 1) New legislation necessary.<br>2) Combat support very restricted.   | 1) Possible with a relevant UN resolution and Diet authorization.<br>2) Combat support less restricted.                                |
| PKO  | Impossible to guard other troops or private citizens.   | Possible to guard other troops or private citizens.  |