

Japan: The reality of “Abe the all-powerful”

~ Will his public support ratings stop falling? ~

Authors:

[Ryutaro Kono](#)

Head of GM Research, Japan

[Azusa Kato](#)

Senior Economist

[Hiroshi Shiraishi](#)

Senior Economist

BNP Paribas Securities (Japan)
Limited

Public support for the Abe Administration cannot stop falling. Opinion polls conducted over the weekend of 7-9 July show support for the government has declined into the 30% range, the lowest level since Shinzo Abe became prime minister for the second time back in December 2012 (the first term ran from 2006 to 2007). History has shown that once government approval ratings fall below 40%, the sojourn in the 30% range tends to be rather short, and before too long support drops into the danger zone of the 20%. In recent years, the Mori government (LDP), the Fukuda government (LDP), the Hatoyama government (DPJ), and the Kan government (DPJ) were all forced out of office when approval ratings fell under 20%, while the Aso government (LDP) and the Noda government (DPJ) were forced to call snap elections.

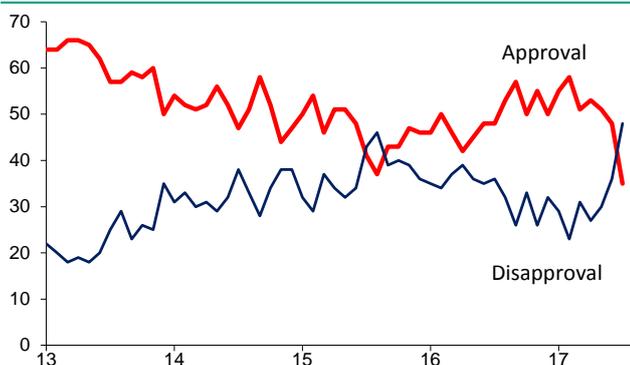
While Prime Minister Abe won't necessarily follow the same path, as the divided Diet that factored large in the “revolving-door” premiership of his predecessors no longer exists, the fact remains that Abe, who once was deemed to be all-powerful and without rivals, continues to face very strong headwinds. Given these circumstances, the timing could not be better for the latest book by political science Professor Koji Nakakita of Hitotsubashi University. The book in question (in Japanese only) is “The Liberal Democratic Party: the Real Picture of “the Mighty Party” (Chuokoron-Shinsha, 2017). This is a must-read for understanding the future trend of politics in Japan.

Electoral system reforms of 1994 significantly changed politics in Japan, and this book analyzes how the LDP was transformed, exploring various perspectives such as factions, party presidential elections, the allocating of posts, relations with New Komeito, local organizations, individual support groups, and friendly organizations supplying royal votes. Electoral reforms, especially the Political Funds Control Law and the creation of single-seat electoral districts, greatly weakened the clout of factions, while strengthening the office of the party president by giving it the sole authority to select candidates and distribute political funds. On the administrative side, due to the Hashimoto's central government restructuring, power was greatly concentrated in the prime minister's official residence (Koizumi was the first to make skillful use of this). And most recently, the Cabinet Personnel Bureau, created in 2014, exercises strong control over the bureaucracy by virtue of its power to appointment all vice ministers, bureau chiefs, deputy bureau chiefs, and other senior staff at central government ministries and agencies. These institutional factors have laid the foundation for Abe to become “all-powerful.”

Abe's strength in national elections has hit historic levels

While these institutional factors certainly have had a big impact, what accounts for Abe's strength in national elections? Prime Minister Abe has won big in national elections on four occasions, and the general elections of 2012 and 2014 were especially impressive, as share of seats won was 61% in both cases. Prior to this, the best showing by the LDP was in the double

Chart 1: Cabinet approval ratings: second Abe administration (December 2012–present)



Source: NHK, BNP Paribas

Chart 2: Recent public opinion polls on Abe cabinet (%)

	Approve			Disapprove		
	May	June	July	May	June	July
Kyodo	55	45		34	43	
Nikkei	56	49		36	42	
Yomiuri	61	49	36	28	41	52
Asahi	47	41	33	31	37	47
Mainichi	46	36		35	44	
ANN	46	38		32	42	
Sankei,FNN	56	48		35	43	
NHK	51	48	35	30	36	48
NNN	46.1	39.8	31.9	36.4	41.8	49.2
JJI	46.6	45.1	29.9	28.9	33.9	48.6

Source: Kyodo, Nikkei, Yomiuri, Asahi, Mainichi, ANN, Sankei/FNN, NHK, NNN, JJI Press, BNP Paribas

election called by Prime Minister Nakasone, when the LDP's share of seats won in the Lower House was 59%. Thus, Prime Minister Abe's strength in national elections has hit historic levels.

LDP's absolute ratio of votes has not improved, even during landslide wins

But the picture is completely different if we consider the absolute share of votes (= how many people out of the total electorate voted for a specific party or a candidate of that party). Using this metric, the LDP had a share of 30~35% in Lower House elections in the 1980 through the early 1990s, but the figure fell to 24% in the general election of 1993, when the LDP was ousted from power by a multi-party coalition government headed by Morihiro Hosokawa. Thereafter, with electoral system reforms creating single-seat districts and proportional representation blocs, the LDP's absolute share of votes in Lower House elections has for the most part been around 25% in the single-seat districts and 15~20% in the proportional representation blocs. Even during Prime Minister Abe's landslide general election victories in 2012 and 2014, there was no improvement in either figure. Though called landslide wins, support for the government did not increase, and voters with no party affiliation did not flock to the LDP. Incidentally, this same downward trajectory is also generally evident for LDP's absolute share of votes in Upper House elections, though the start of the decline begins earlier, from 1989 when there was a so-called "Madonna boom" that reflected Takako Doi becoming the first female head of a major party, couple with the record number of women that were elected to parliament that year.

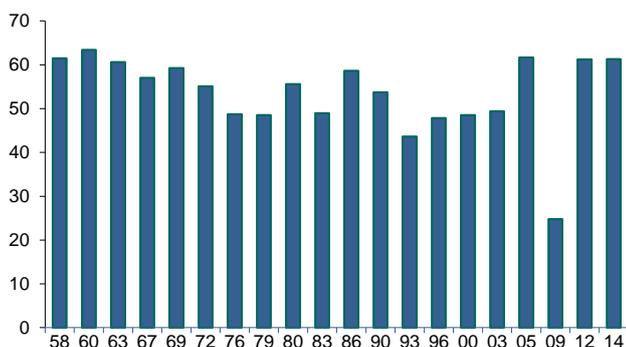
Only recent exception was Koizumi's "postal dissolution" snap election

The only recent exception to the above was the famous "postal dissolution" general election called by Prime Minister Koizumi in 2005, when he sought to advance postal privatization legislation that was being blocked in the Upper House by appealing to independent voters to give him a mandate in the Lower House election. As a result of Koizumi's efforts, the LDP's absolute share of votes rose to 32% in the single-seat districts and to 25% in the proportional representation blocs. But those unaffiliated voters flocked to the DPJ in the general election of 2009, with the result that the LDP was relegated to the political opposition.

Electoral cooperation of New Komeito and low voter turnout

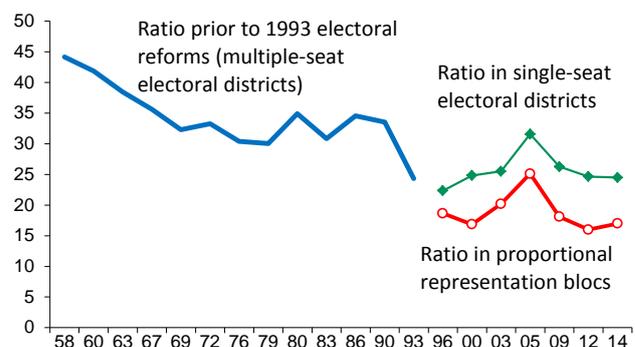
With such a low absolute share of votes, how did Prime Minister Abe achieve his winning streak in national elections? One factor was the very potent electoral cooperation of the New Komeito. A second factor is that, in the absence of viable alternatives to the LDP, unaffiliated voters sat out the election, resulting in continued low voter turnout. Broadly speaking, roughly 100,000 votes are needed to win a seat in each single-seat electoral district. Komeito's voting-getting machine (it is backed by a lay religious group) commands 6-7 million nationwide, which is said to equate to 20,000 to 25,000 votes per single-seat district. Thus, with Komeito commanding one-fifth to one-quarter of the needed votes in each district, it can greatly determine the outcome. And this is especially true when the voter turnout is low. Voter turnout was relative high for the "postal dissolution" general election of 2005 and for the general election of 2009 that brought the DPJ to power, with the figures being 68% and 69%, respectively. But the turnout percentage dropped to 59% for the 2012 election (that returned Abe to power) and to 53%, a post-war low, for the snap election of 2014. Additionally, when turnout is low, the friendship organizations (e.g. agricultural unions, etc.) that traditionally supported the LDP can have a big impact, though the electoral clout of such groups has steadily waned.

Chart 3: LDP seat count share in the Lower House (%)



Source: Masumi Ishikawa and Jiro Yamaguchi, "Sengo Seiji-shi" [Postwar Political History], third edition, Iwanami, 2010), BNP Paribas

Chart 4: LDP's absolute share of general election votes (votes obtained by LDP/ total number of electorate, %)



Source: Masumi Ishikawa and Jiro Yamaguchi, "Sengo Seiji-shi" [Postwar Political History], third edition, Iwanami, 2010), BNP Paribas

These two conditions for LDP victory were lost in the Tokyo election

The accuracy of Professor Nakakita's analysis is borne out by the outcome of the LDP's historic defeat in the recent Tokyo Metropolitan Assembly election. The two afore-mentioned conditions necessary for an LDP win were lost in that election, as Komeito chose to cooperate with local reformist party, Tomin First no Kai (Tokyo Citizens First), created by Tokyo's maverick Governor Yuriko Koike, and voter turnout has high, as independent voters felt they now had a viable alternative to the LDP in Koike's new party. Of course, we can't really apply the outcome of this election to elections on the national scene because the vast majority of voters in the in Tokyo Metropolitan area are not affiliated to any political party, and so the outcomes can swing widely.

LDP-Komeito linkage at the national level won't easily collapse, but . .

The question then is, what will become of these two conditions for LDP election victory? Professor Nakakita contends that the coalition between the LDP and Komeito at the national level is unlikely to easily collapse, as both sides, the LDP and Komeito, enjoy significant merit in working together in elections. But will this last over the long haul? Junior coalition partner Komeito is actually quite left-leaning in terms of ideology. While there is great merit in being part of the ruling coalition, and merit in electoral cooperation, will Komeito continue to stay in step with the LDP, as the latter steadily moves further to the right? In the not-too-distant future, Koike's upstart Tomin First party could expand onto the national scene, and things could greatly change through the reorganization of Japan's political opposition.

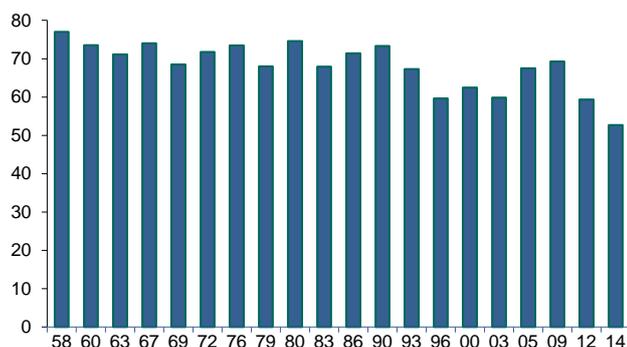
Reason Abe's nationalist tendencies were heretofore suppressed

In recent years, the LDP has strengthened its right-leaning tendencies so as to clearly differentiate itself from left-leaning rivals like the DPJ (now rebranded as the Democratic Party). While this may have solidified its base among conservative voters, the LDP has not necessarily found more new supporters. Aware that the LDP's absolute share of votes is low and that the party has not made inroads among non-affiliated voters, Prime Minister Abe always puts his nationalist agenda (revising the Constitution, etc.) on a back burner whenever national elections come around. To garner election support from independents and business circles, Abe habitually brings economic rejuvenation (fighting deflation, etc.) to the forefront.

Difference from Prime Minister Koizumi

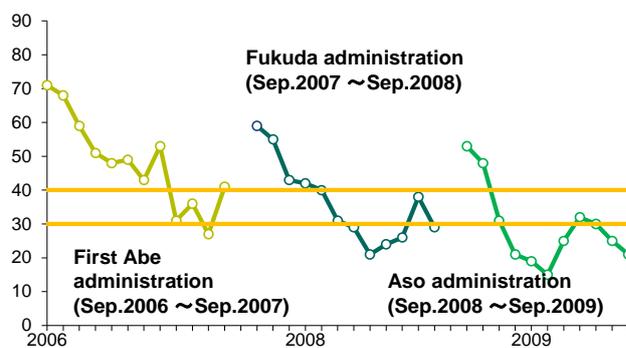
But even when pursuing economic reforms, Prime Minister Abe always avoids direct confrontation with concerned friendship groups that supply royal votes. For instance, recent agriculture reforms have always been undertaken in cooperation with JA (Japan Agricultural Cooperatives), a traditional friendship group. This is the exact opposite of Prime Minister Koizumi, who, in the case of the "postal dissolution" general election, sought to win the backing of independent voters by clearly confronting traditional LDP support bases (vested interests) as well as their allies in parliament. The predicament of the LDP falling from power, including the 2007 Upper House defeat during Abe's first sojourn as prime minister, seem to have taught Abe that the LDP's plight was due to the great damage Koizumi did to the traditional friendship groups. The difference from Koizumi is obvious: Koizumi could win election victories when the turnout was high by garnering support from independents, but Abe can only win when the turnout is low and royal votes are supplied by traditional LDP support bases and by Komeito's nationwide election machine.

Chart 5: General election voter turnout (%)



Source: MIC, BNP Paribas

Chart 6: Cabinet approval ratings: first Abe administration ~ Aso administration (Sep2006–Sep2009)



Source: Nikkei Shimubun, BNP Paribas

Revising the Constitution was a miscalculation

But this time around, things are completely different from the usual pattern leading up to a national election. Despite the strong headwinds battering the government as a result of various scandals, Prime Minister Abe announced in early May, roughly two months prior to the Tokyo Metropolitan Assembly election, a broad outline of his schedule for amending the Constitution. Perhaps he thought the Tokyo election, being just a local election, is not a national affair. Or maybe, sensing the tide of public opinion starting to turn against him, he concluded that now — while he still effectively commands two-thirds majorities in both houses of parliament — might be his only chance to realize his cherish goal of amending the Constitution. But with public support for his government floundering, if Abe goes ahead with revising the Constitution, it could actually further stoke the headwinds that this controversial endeavour already face. And if Komeito were to turn against it, the two-thirds majority would be gone.

Destruction and rebirth of the LDP

Prime Minister Abe has strengthened his centripetal force within the LDP by placing influential factional leaders in key positions in the cabinet and LDP leadership, with an eye on maintaining balance with the LDP. On this point, Abe is also starkly different from Koizumi, who sought to weaken LDP factions by allocating posts and promoting people regardless of their factional affiliations. Whether it was policy or personnel, Koizumi sought to create a new support base for the LDP by destroying the old LDP. In contrast, Prime Minister Abe has sought to strengthen his political base by reviving the old LDP that had collapsed as a result of Koizumi's neoliberalism policies. While Abe's approach is the straight-forward solution of an organization man, the truth is that all organizations must constantly change in order to survive. How history will evaluate the two remains to be seen.

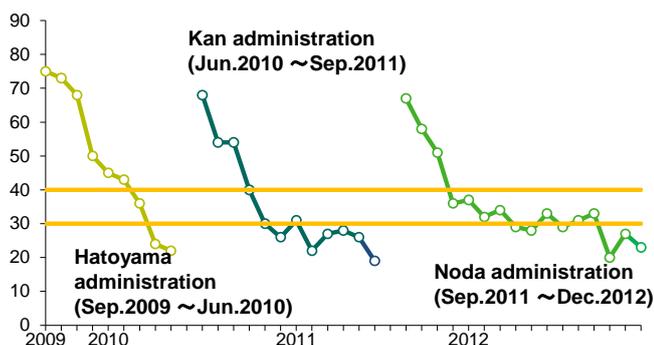
Will the Cabinet reshuffle save Abe?

Prime Minister Abe hopes to overcome the immediate crisis with a Cabinet overhaul slated for early August. But if the personnel shakeup is only minor, Abe could be slammed for not implementing real improvements. If, on the other hand, it is a thorough change in personnel, it could come back to haunt him, as the LDP's unity could be destroyed. If we were to make a conjecture based on Professor Nakakita's analysis, Abe could be expected to include influential people as much as possible and there would be no big change in policy direction. If so, will that stop Abe's support ratings from falling? Of course, viable alternatives to the LDP at the national level still do not exist, so the LDP could likely get by for a while using the conventional countermeasures for falling public support, like fiscal spending. After all, economic conditions, with the very tight labor market, are supportive of the status quo. But if Koike's upstart Tomin First party were to jump onto the national scene, as noted above, the situation could be completely different.

Gloss over the lack of economic reforms with fiscal stimulus

Deregulation is indispensable for reinvigorating the Japanese economy. But because that means creating a more competitive environment, such policies are usually inconsistent with reviving of the LDP's diminished friendship groups. This is why Prime Minister Abe, despite being aware of the need to break down regulatory barriers, has lacked the will to thoroughly pursue competition boosting policies that could hurt friendship groups. Such being the case, economic rejuvenation has not materialized, and the way to gloss over this reality has been large-scale fiscal spending and monetary easing. If the immediate aggregate demand can be

Chart 7: Cabinet approval ratings: Hatoyama ~ Noda administrations (Sep 2009–Dec 2012)



Source: Nikkei Shimubun, BNP Paribas

Chart 8: Effective job offer ratio for regular employees (sa)



Source: MHLW, BNP Paribas

expanded by front loading future demand (monetary easing) or front loading future income (fiscal spending), the serious political issue of how to distribute income can be avoided. But it has become clear that yen depreciation induced by monetary easing entails huge political costs, as households, especially elderly households, see their real purchasing power eroded. Because of this, perhaps the government will have to rely of fiscal giveaways, such as the free education initiative, as the best way to stanch the government's tumbling approval ratings.

Outlook for the LDP's presidential election is very certain

The outlook for the LDP's presidential election next September now looks far from certain. Party rules preventing individuals from serving three consecutive terms as president were waved in March because Abe was deemed invincible in elections. As a result of the electoral reforms of 1994, political parties have come select popular individuals to lead their party whom they hope can deliver election victories, and because the LDP hoped to continue Abe's winning streak, he was given the enhanced authority to run for a third term. But with public support for the government floundering, an entirely different outcome is possible in the LDP leadership race. With the Lower House due to face election no later than December 2018, who will the LDP choose to lead them to election victory?

LDP still has a relative advantage in the next general election

As Professor Nakakita's book indicates, the reality behind "Abe the all-powerful" is not necessarily all that robust. Even so, the relative advantage enjoyed by the LDP has not changed. This is because the LDP is the only party with (1) a historical track record of being able to govern, (2) the experience of quickly overcoming two spells in the political opposition, (3) a stable, yet evolving, process for decision making, (4) a voting-getting machine with deep roots in both industry and the countryside, and (5) the political resources like the strong partnership with New Komeito. In the future, even if a new wind starts blowing and a two-party system develops, we have to concur with Professor Nakakita's conclusion that Japanese politics will develop around the LDP.

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