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Domestic politics: Opinion polls and Noda's remarks suggest Ishiba will remain in office for now

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Prime Minister Ishiba has come under heavy public criticism for distributing gift vouchers to junior lawmakers. The cabinet's approval ratings were down in all of the latest opinion polls conducted by media organizations.

We discussed the potential impact of this issue on BOJ monetary policy and the financial markets in a report published on 17 March (see our Macro Information *Domestic politics: Could Ishiba's gift voucher scandal escalate to the point where it affects financial markets and BOJ decisions?*).

In view of various developments since then, we think Mr. Ishiba is likely to remain the prime minister for now. There are several reasons for this view:

- ◆ Fewer than one in three respondents to the opinion polls felt the prime minister should step down because of the gift vouchers. In an Asahi survey conducted on 15–16 March, 32% of those replying said Prime Minister Ishiba should resign over this issue, while 60% said there was no need for him to do so.
- ◆ Constitutional Democratic Party (CDP) representative Yoshihiko Noda, who is expected to play a central role in any opposition effort to submit a no-confidence resolution, told a group of reporters in Aomori on 16 March that “it is important to demand an explanation in front of a parliamentary political ethics panel, to continue questioning the prime minister at Budget Committee meetings, and to do whatever is necessary to get to the bottom of this matter.” However, he also declared that he had no intention of summarily asking the PM to step down. With respect to the news that some within the LDP want Mr. Ishiba to resign, he said “The party would like that, since they would prefer to approach the Upper House election with a new leader and a fresh image. But that’s not how things work.” We suspect he would prefer to contest the election with the current cabinet and its low approval ratings. The CDP—the largest opposition party—could also incur significant damage if it were to seek the support of another opposition party for a no-confidence resolution and fail.
- ◆ There are some within the LDP who want to elect a new party president before the Upper House election, but their view does not appear to be gaining traction. Although party rules allow a leadership election to be held before the current president’s term of office expires “if a majority of LDP Diet members and leaders of local party chapters are in favor,” we think that presents a fairly high hurdle.

◆ There is an established culture of gift-giving among Japanese lawmakers that extends beyond the LDP to include opposition parties, and this practice will not disappear overnight just because the country has a new prime minister. The Mainichi reported on 15 March that several sources had testified there had been similar instances under previous LDP governments. It suggested the practice of exchanging expensive gifts that are far beyond the means of most voters may have become entrenched within the LDP (including the PM). It also said sources within the party had told it that there had been similar cases in the past and that gift vouchers were also distributed under Prime Minister Abe. Finally, the paper noted there had been testimony indicating that opposition lawmakers had also received vouchers. TV Asahi reported on 14 March that “one source with experience said that such gifts are ‘common practice’ within the LDP and that this culture can be found not only in the LDP but also in the opposition parties.”

The FY2025 budget has passed the Upper House and will automatically become law on 2 April under rules laid out in the nation’s constitution. The Nikkei argued on 15 March that a delay of one or two days from the start of the new fiscal year would have little impact in practice and that there would be no need to compile a provisional budget. The paper said that the increase in spending due to the decision not to raise the caps on copayments for high-cost medical care (about JPY20 billion)—the reason for the second revision of the budget in the Upper House—would be within the “margin of error” for budget estimates.

Shigeru Ishiba has served as prime minister for 168 days as of 17 March. Although recent events have placed his minority cabinet in an even shakier situation, we think Mr. Ishiba still intends to extend that streak.

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