

Results and Implications of Japan's Snap Election

KEY ELECTION TAKEAWAYS

In a snap election for Japan's House of Representatives (lower house), which concluded on October 27, both of the ruling coalition parties, the Liberal Democratic Party (LDP) and the Komeito, lost a substantial number of seats and failed to attain a simple majority of the 465 lower house seats. This is the coalition's first loss since 2009, and its first time without a majority since 2012. In Japan's post-war eras, the LDP has led a ruling coalition for all but 2 brief gaps.

Meanwhile, Japan's largest opposition party, the Constitutional Democratic Party (CDP), won 148 seats (+50), and smaller opposition parties, including the Democratic Party for the People (DPP) and Reiwa Shinsengumi, grew their number of seats.

While the LDP still retained the plurality of lower house seats (191), the results likely force the party leadership to negotiate among themselves about their own future and with other parties' leadership regarding potential governing coalition and/or a forward-looking policy agenda.

HOW DID JAPAN'S RULING PARTY LOSE ITS LONG-HELD MAJORITY

Historically low turnout (53.85%) suggests that the Japanese public remains disinterested in politics, and initial analysis of exit poll data suggests the profile of voters in 2024 did not differ dramatically from 2021.

Given that consistent voter profile, the electoral results are perceived less as a rallying to the opposition parties' message and proposals and more as an expression of "anti-LDP" sentiment, including by voters who may have supported the party in 2021 and earlier.

The topline exit poll data reveal that those who did turn out expressed strong dissatisfaction towards the ruling coalition, and especially towards the LDP.

- Voters were upset by the LDP's involvement in political and "secret money" scandals, and the leadership's slow and insufficient steps to penalize bad actors and to introduce political reforms.
- The rising cost of everyday goods and services also weighed on many voters, and they were dissatisfied with the LDP's actions and proposals to remedy the economic situation.

WHAT HAPPENS NEXT?

Messy Coalition Formation: The Japanese Constitution requires a special Diet session within 30 days after the election to appoint the new Prime Minister. In the coming days, a variety of specific considerations may come to the fore, but each of these will align to one of 3 general scenarios:

1. The LDP and Komeito could draw in another party to regain their ruling majority and form a government under an LDP prime minister. Achieving a new majority coalition will likely involve significant negotiations and concessions on all sides.
 - The potential coalition partners (the Japan Innovation Party (JIP) and DPP) have indicated their unwillingness to collaborate with the current LDP administration.
 - Whether Komeito will accept a new "partner" is also a question.
2. The LDP and Komeito could pursue a minority-government, based on smaller compromises to satisfy select opposition parties' interests in specific policies and committee appointments.

- For example, a legislative agenda that prioritized common goals around political reform and populist economics and that downplayed controversial topics, such as Ishiba's call for an [Asian NATO](#), could create a narrow governing path.
- 3. As the second largest party in the lower house, the CDP could form a multi-party coalition.
 - This outcome seems the least likely, owing to simple math: a CDP-led coalition would need at least 4 additional parties to achieve a majority.
 - Given the ideological diversity of the opposition parties and the fundamental differences in their policy priorities, a multi-party coalition would be both difficult to achieve and quite challenging to keep aligned for effective government.
 - And those governing challenges seem a risk not worth taking for the CDP, which might prefer to wait for a favorable moment to call a snap election and take their own single-party majority.

Period of Relative Instability: Regardless of which coalition scenario is realized, the processes of making and executing policy in Japan's next government will involve continued political negotiations and compromise. The uncertainties involved in these additional negotiations will make the political situation less predictable compared to the previous decade-plus of LDP rule.

Bureaucrats Show Their Value: At the same time, Japan's bureaucratic system will function as the stabilizer of the policy environment: Japan bears a strong bureaucratic system which is less likely to be impacted by the political dynamics in the Diet. The bureaucrats will continue to contribute to policy planning and executing process and maintain the stability of the policy environment for business operations.

Short-lived Administration: Some Diet members have already [started casting doubt](#) on the longevity of the current administration and whether the ruling bloc can secure a victory in the House of Councillors (upper house) election next summer. Given the difficulties of achieving legislative goals, the LDP may watch for the earliest possible moment to ask the public for another chance.

IMPLICATIONS FOR BUSINESS

Economic Policies: With the LDP's reduced influence, there may be delays or changes in economic policies. Businesses might face uncertainty regarding tax policies, regulatory changes, and government spending plans.

Inflation and Cost of Living: Inflation and rising living costs were major issues during the election. Any new government measures to address these concerns could impact consumer spending and business costs, particularly in sectors like retail and manufacturing.

Currency Fluctuations: The election results have already caused fluctuations in the yen's value. Businesses involved in international trade may need to navigate currency volatility, which can affect export and import costs. The Japanese yen weakened to the upper-153 level on Monday after the ruling coalition lost its majority ([link](#))

Public Sentiment and Scandals: The election was influenced by public dissatisfaction with corruption scandals. Businesses might need to be more transparent and ethical in their operations to align with public expectations and avoid backlash.

Women to rise in Japanese politics, but still a long way to go: 73 women were elected to the House of Representatives in the election held on October 27, surpassing the previous record of 54 set in 2009; nonetheless, the percentage of women among all elected candidates counted only 15.7% ([link](#))

APPENDIX: TOPLINE SUMMARY OF PARTY RESULTS

		Pre-election	2024 results	Difference
Ruling coalition	LDP	247	191	-56
	Komeito	32	24	-8
Ruling coalition Total		279	215	-64
Opposition parties	CDP	98	148	+50
	JIP	43	38	-5
	Japanese Communist	10	8	-2
	DPP	7	28	+21
	Reiwa Shinsengumi	3	9	+6
	Social Democratic	1	1	0
	Sanseito	1	3	+2
	The Collaborative Party	0	0	0
	Conservative Party	0	3	+3
	Independents	23	12	-11
Opposition Total		186	250	+64
Total		465	465	

Source: [Nikkei](#)