



House of Representatives 2017 Election Special

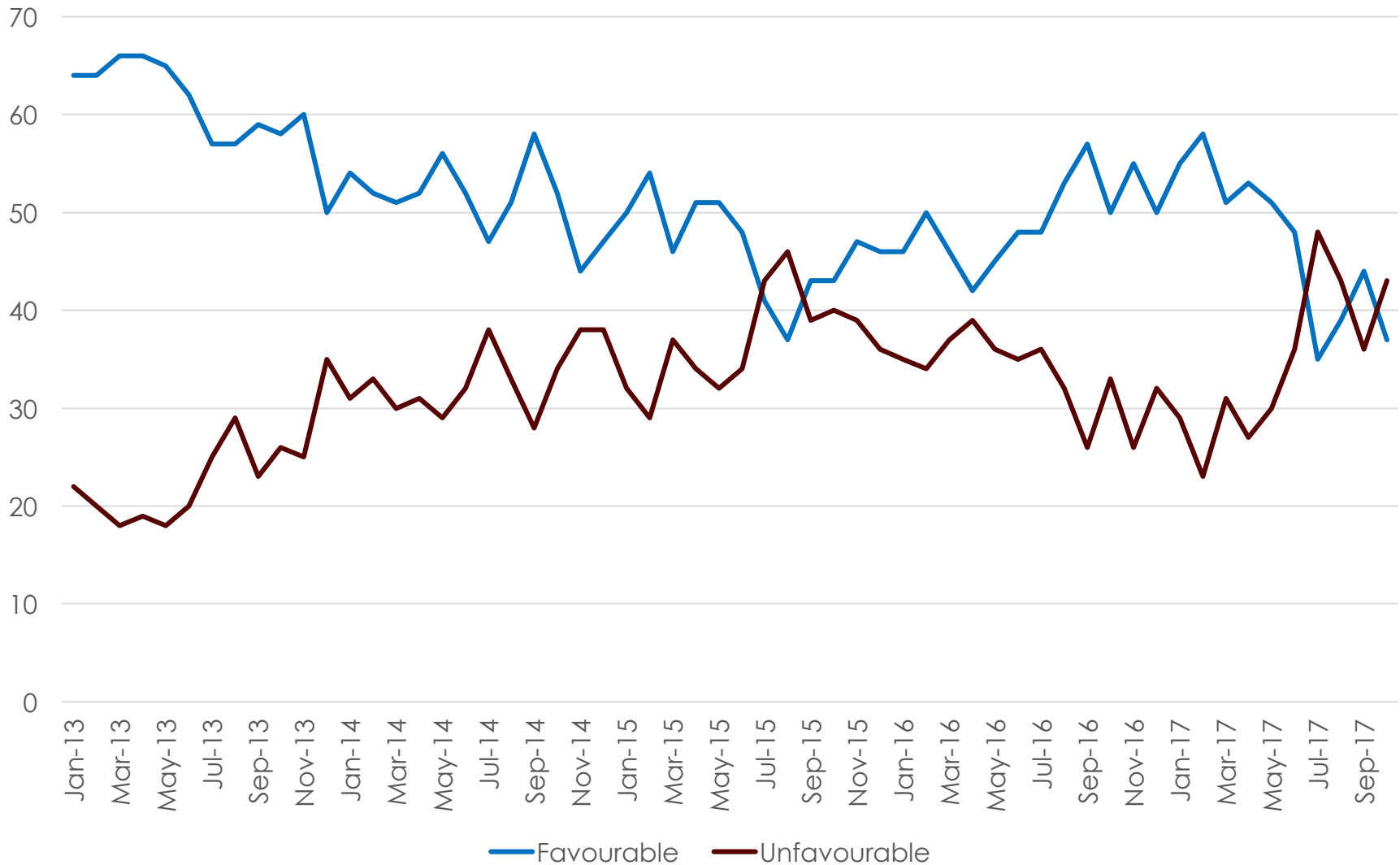
17 October 2017



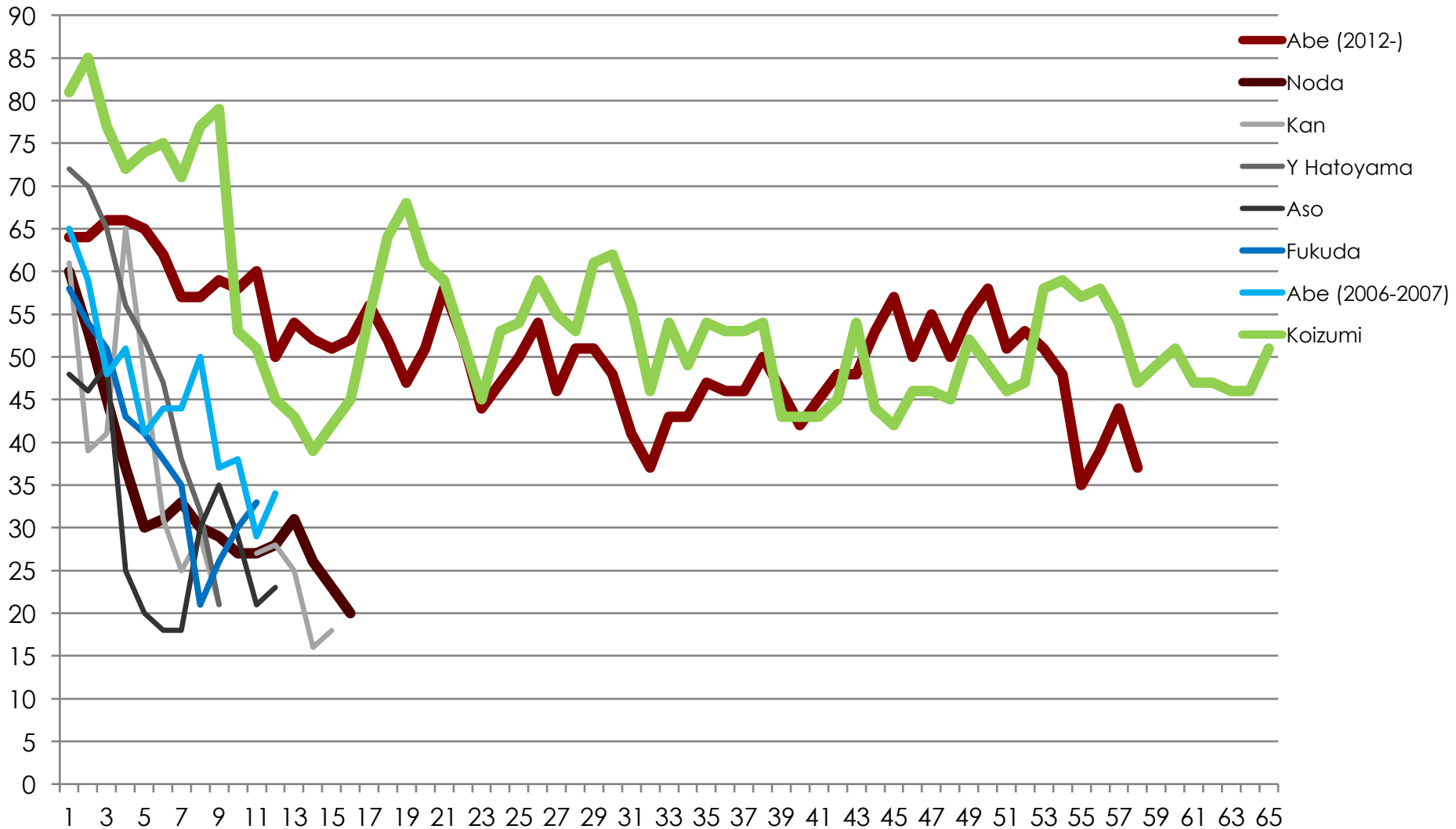
IPF Election Special 2017

- Background to Election 2017 – why now ?
- Election basics
- Prediction of outcome in single seat constituencies
- Prediction of outcome in proportional representation
- Comparison of election platforms
- LDP election platform
- Political schedule moving forward
- Conclusion

Abe's Cabinet approval ratings



Cabinet approval rates are on rather high historical levels



Why elections? Recap of political events

27 July – Renho announces to resign as DP President

3 August – Cabinet Reshuffle



4 Aug – Hosono leaves DP

1 Sep – DP elects Maehara as party leader

7 Sep – Yamao scandal

29 Aug – DPRK missile over Hokkaido

8 Sep – Q2 GDP released

- Growth of 2.5% (Annualised)

11 Sep – Monthly opinion polling showing

- 5% recovery from previous month (NHK)

11 Sep – Reports about possible US President visit

12 Sep – Abe "may change use of tax hike proceeds for free-schooling" (interview with Nikkei)

13 Sep – US President visit to Japan in November confirmed

15 Sep – DPRK missile launched over Hokkaido

17 September – Media reports on snap election

17-23 Sep – Abe in New York (UN General Assembly)

25 September – Abe officially calls for a snap election



25 Sep – Yuriko Koike founds Party of Hope

26 Sep – talks of DP and Hope "merger"

28 September – House of Representatives Dissolved

29 Sep – Koike "will refuse to endorse leftists" as Hope candidate

30 Sep – Hope and Ishin agreed for electoral co-operation

3 Oct – Yukio Edano launches Constitutional Democratic Party (CDP)

22 October – Polling Day



Why election now?

- Recovery of Cabinet approval rates, following the cabinet reshuffle in August
- Desire to avoid running against the clock or being forced to call for an election because of factors beyond control
- North Korean situation unlikely to get better before December 2018
- Division within the Democratic Party and not enough time for Tokyo Governor Koike to organize national alternative to LDP
- Sliding schedule for constitutional reform meant less pressure to move ahead with discussions this year
- President Trump's coming to Japan on 4-6 November providing a "window of opportunity"



IPF Election Special 2017

- Background to Election 2017 – why now ?
- **Election basics**
- Prediction of outcome in single seat constituencies
- Prediction of outcome in proportional representation
- Comparison of election platforms
- LDP election platform
- Political schedule moving forward
- Conclusion

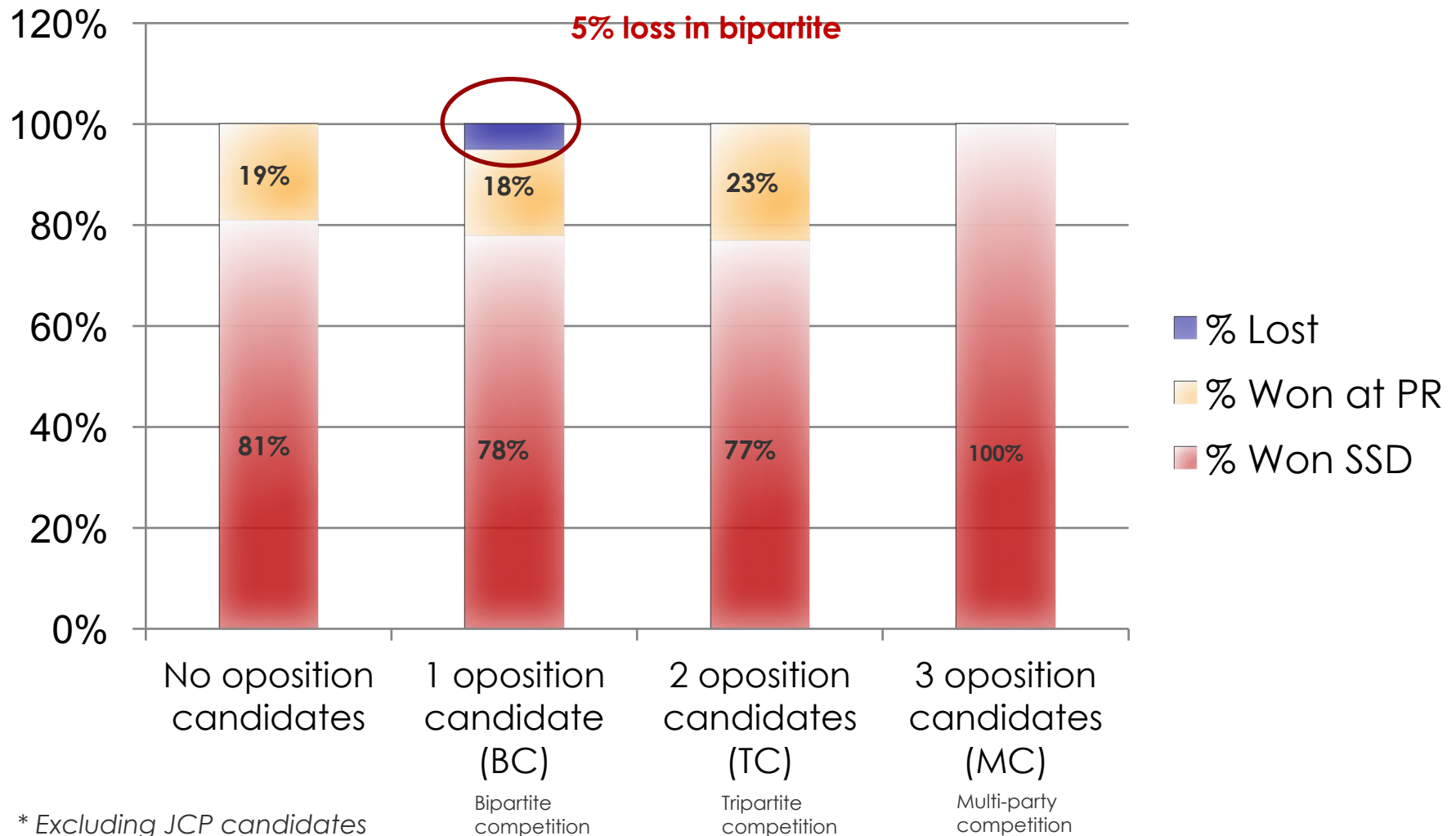
Electoral reforms reducing seats from 475 to 465

Number of single constituencies	
Aomori	4 → 3
Iwate	4 → 3
Mie	5 → 4
Nara	4 → 3
Kumamoto	5 → 4
Kagoshima	5 → 4
Total 295 → 289	

Number of Representational Seats	
Tohoku	14 → 13
Kitakanto	20 → 19
Kinki	29 → 28
Kyushu	21 → 20
Total 180 → 176	

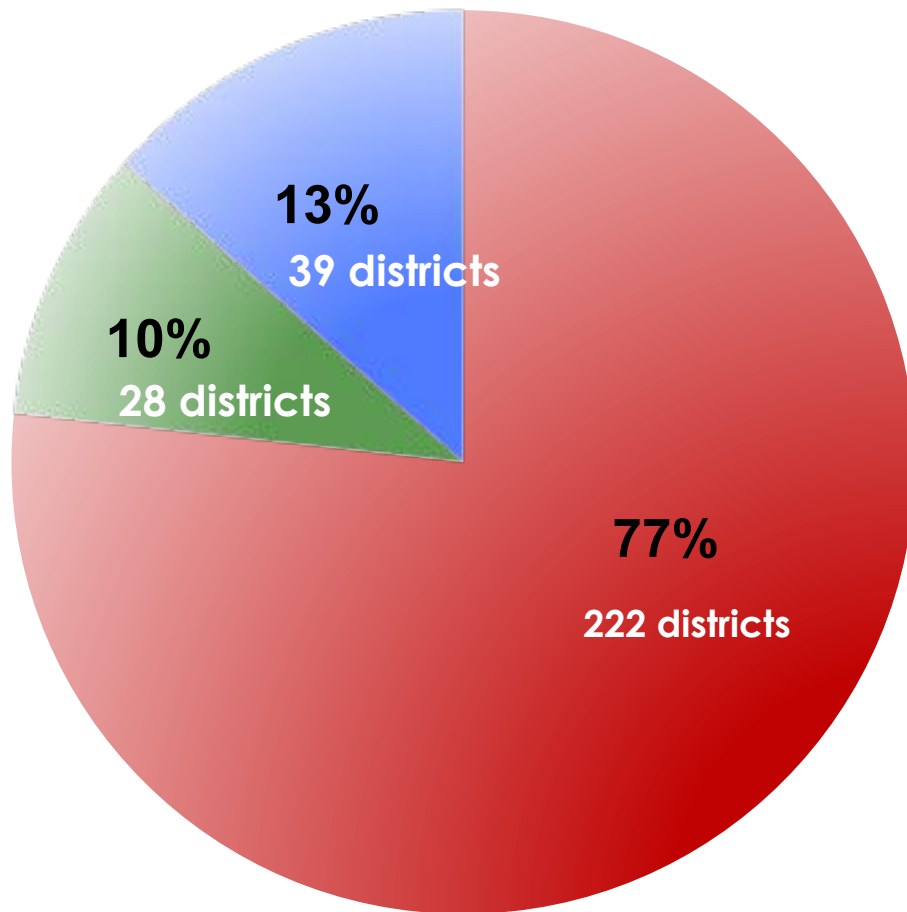
LDP is in trouble only when locked in a 1:1 “duel style” situation

Lessons from the 2014 election



Nearly 77% of the single seat constituencies in 2017 face “tripartite” battle

Types of election competition



■ Tripartite competition

- **Ruling coalition:**
(LDP) + (Komeito) + (Related independents)
- **Conservative opposition:**
(Party of Hope) + (JIP) + (Related independents)
- **Liberal/Left opposition:**
(JCP)+(CDP)+(SP)

■ Bipartite conservatives competition

- **Ruling coalition:**
(LDP) + (Komeito) + (Related independents)
- **Conservative opposition:**
(Party of Hope) + (JIP) + (Related independents)

■ Bipartite conservative-left competition

- Ruling coalition:** (LDP) + (Komeito) + (Related independents)
- Liberal/Left opposition:** (JCP)+(CDP)+(SP)

Three groups calculating



Liberal Democratic Party

Komeito

Related independents



Party of Hope

Japan Innovation Party (Ishin)

Conservative opposition leaning independent candidates



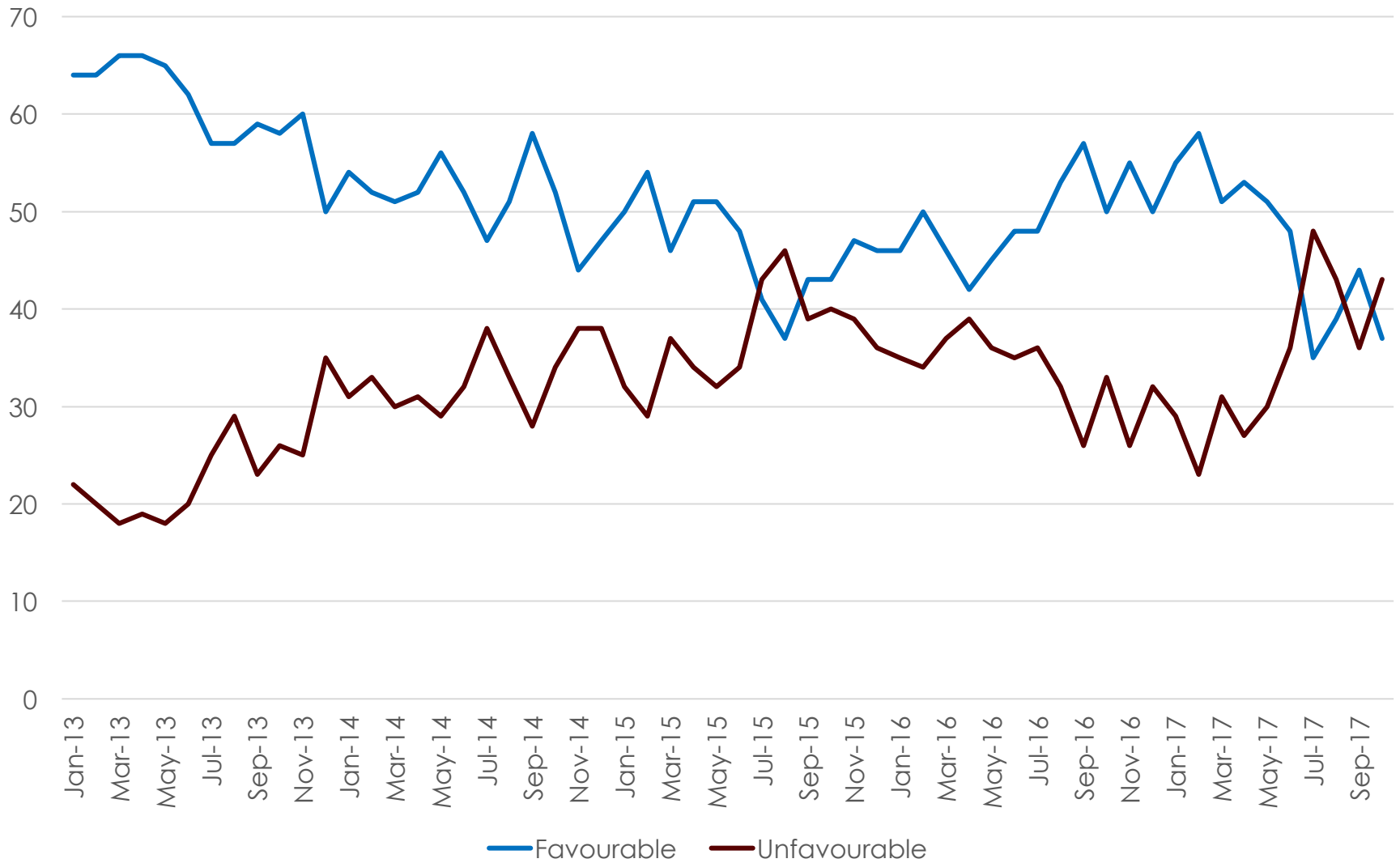
Constitutional Democratic Party

Japan Communist Party

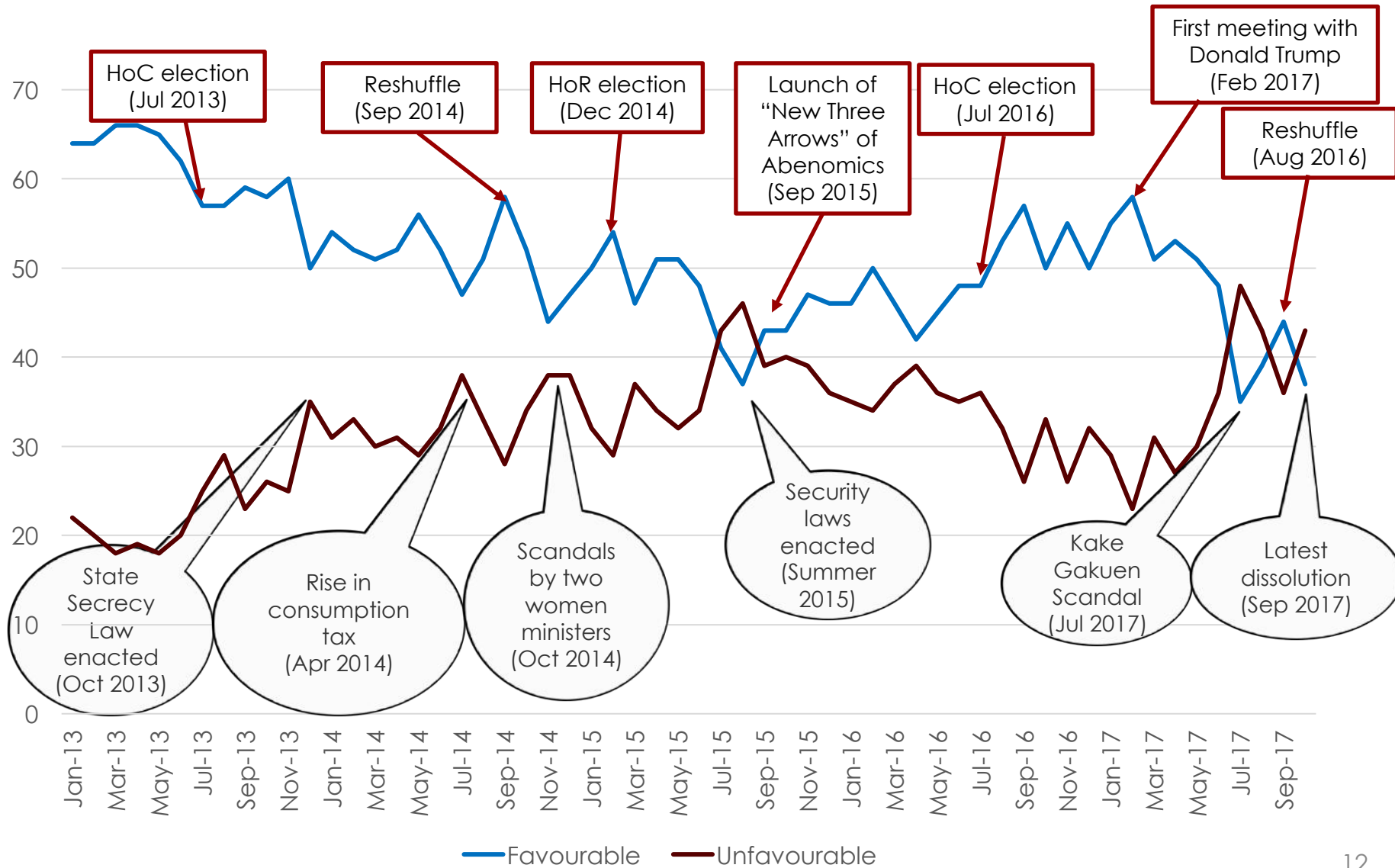
Socialist Party

Related independents

Abe's Cabinet approval ratings

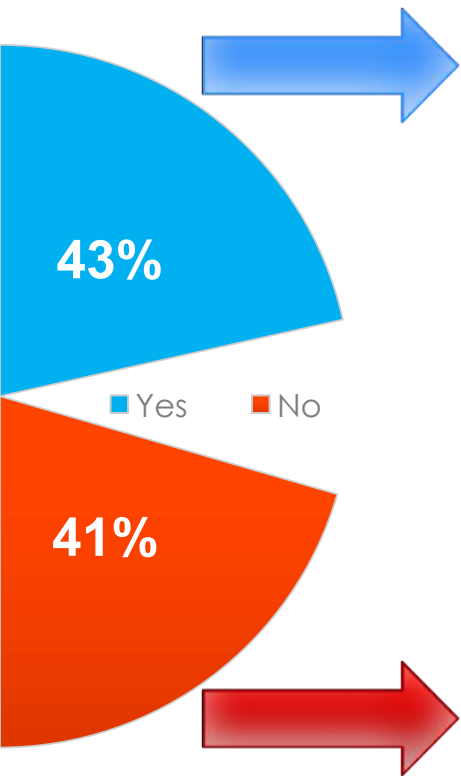


After Abe spends political capital on security-related initiatives, his popularity ratings return

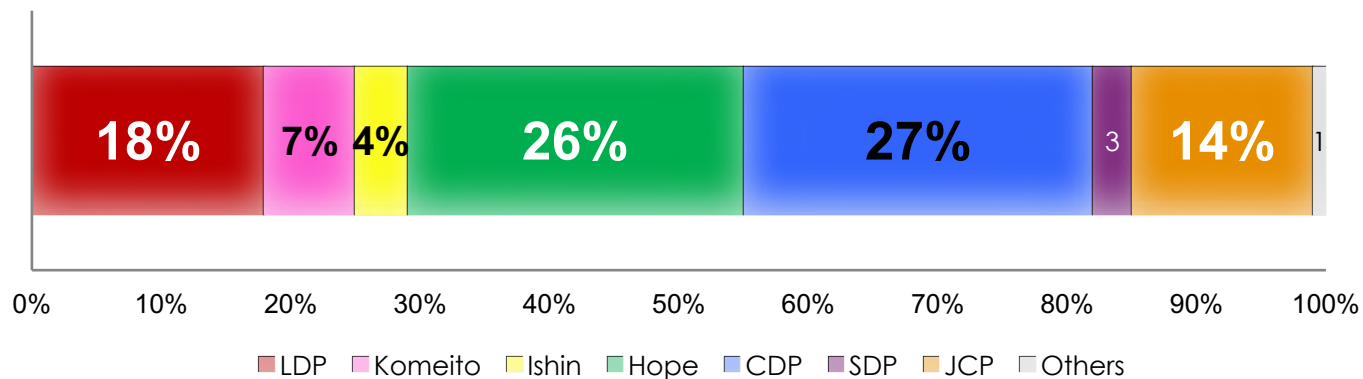
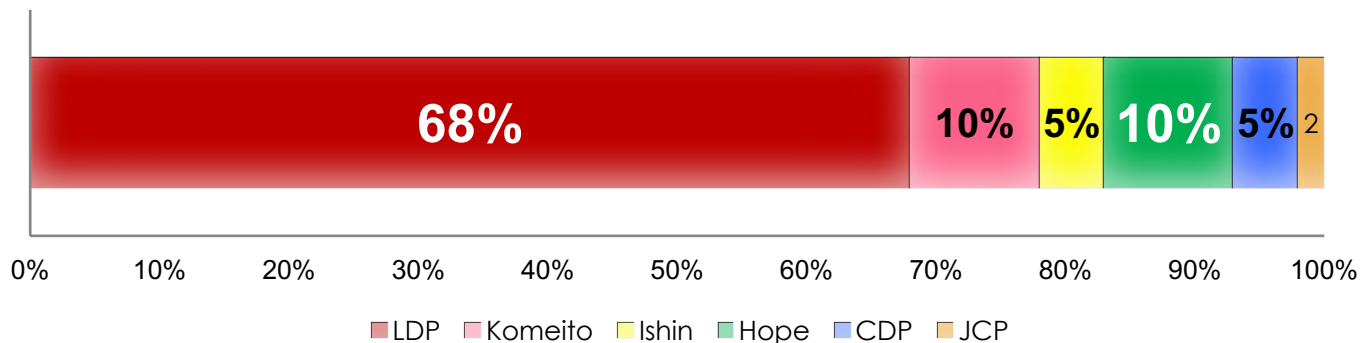


Cabinet approval rates' impact on voting

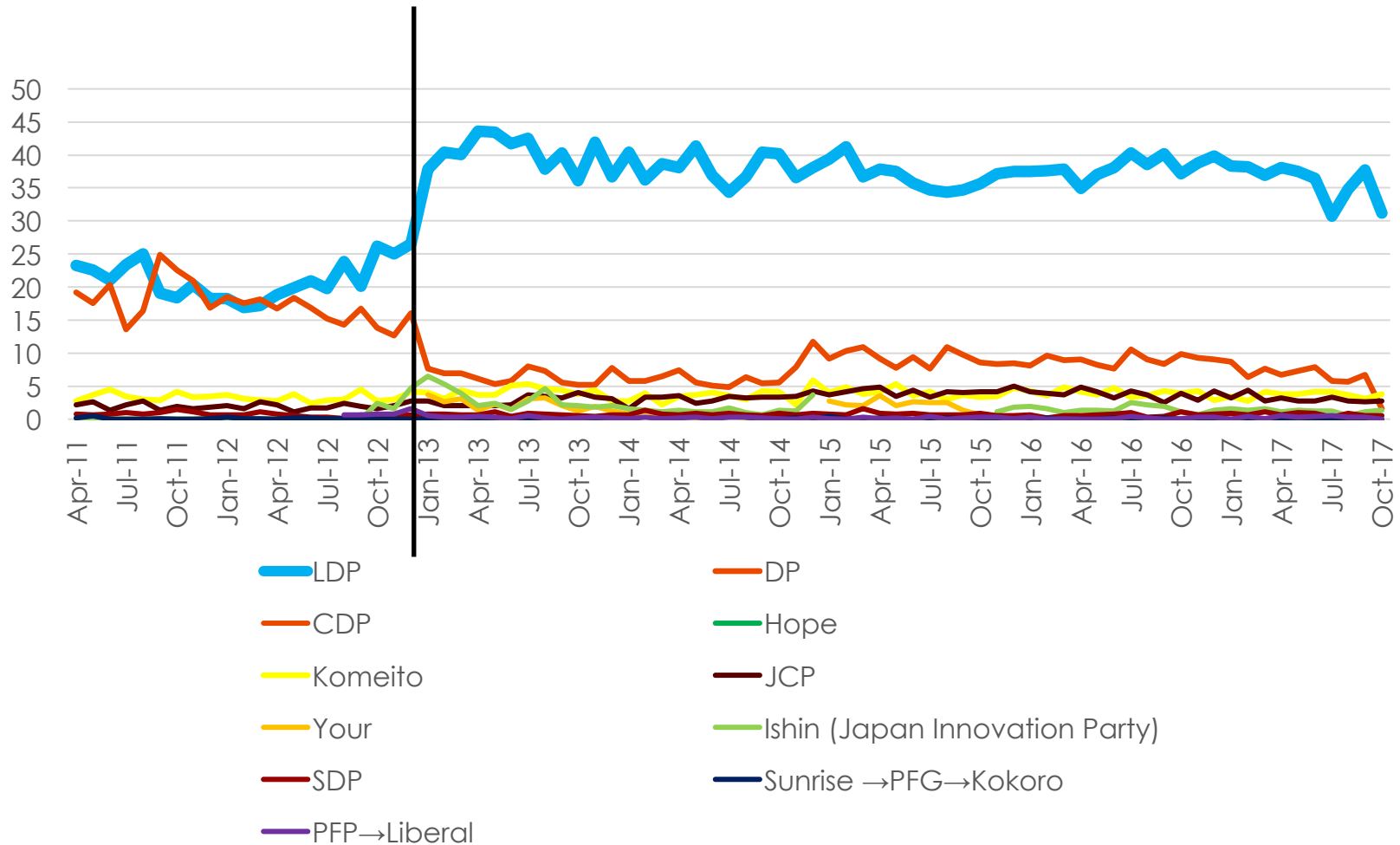
Approval of Cabinet



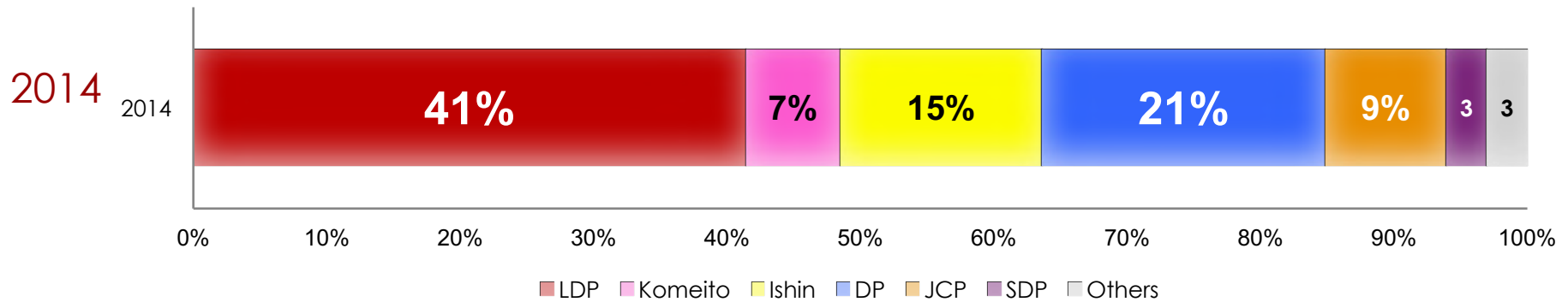
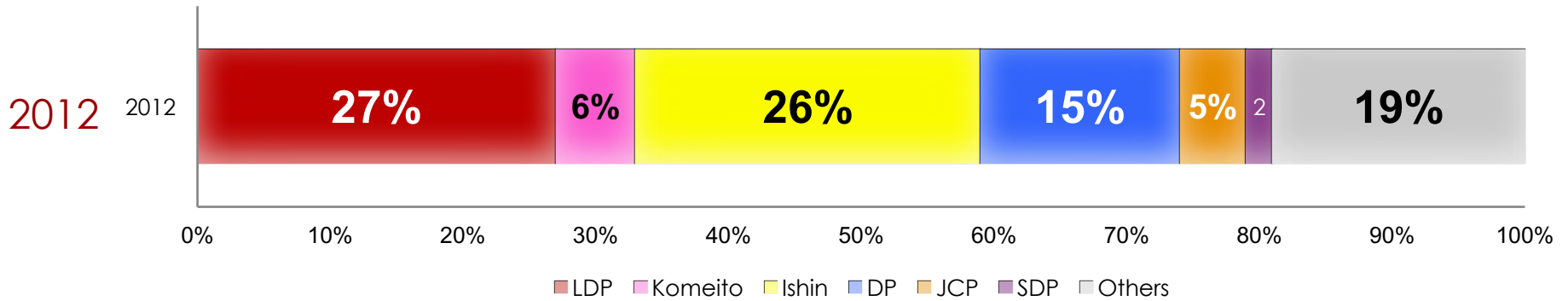
Voting for party



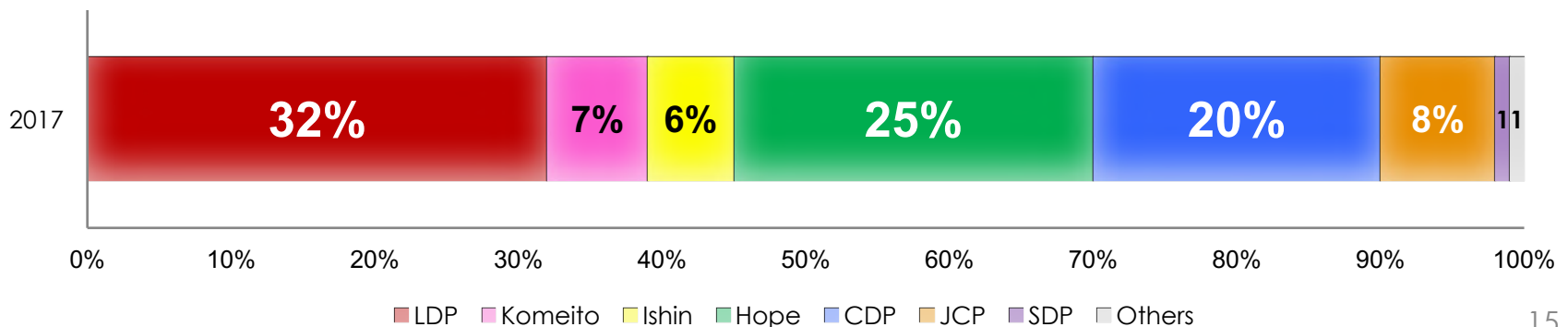
Party approval rates



Independents voting patterns



2017 Polls



How many seats the LDP needs to win for the ruling coalition to retain majority?

Total number of House of Representatives seats = 465

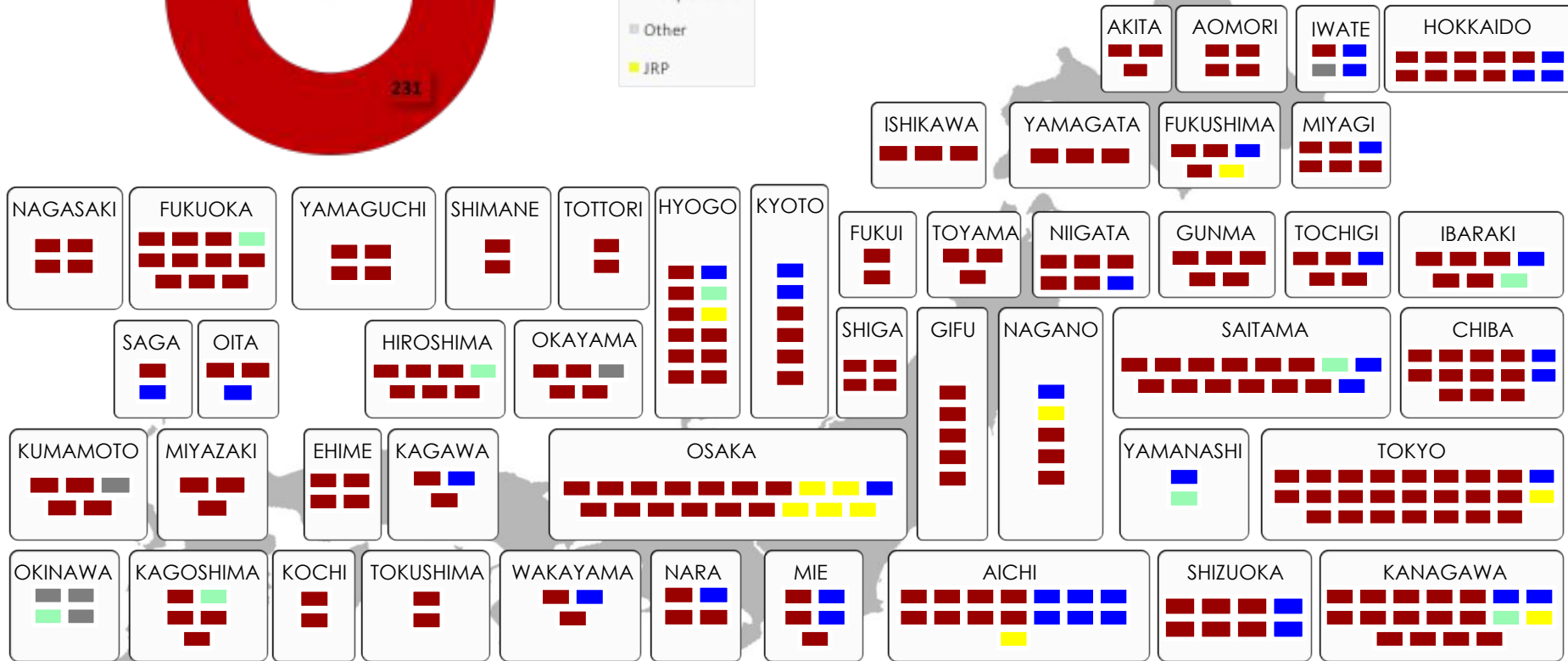
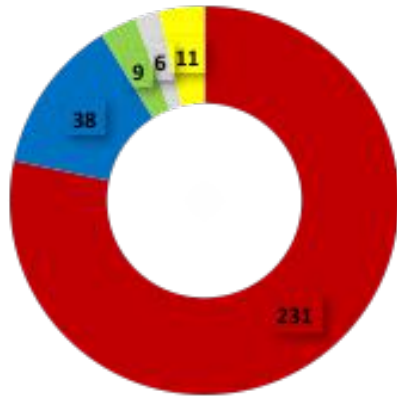
- Single-seat districts = 289
- Proportional representations seats = 176

Type of majority	Number of seats	Meaning
Simple majority	233	Need for passing bills
Absolute stable majority	264	Hold a majority in all HR standing committees and the Chair post for each committee → Need in order to control the agenda
Two-thirds majority	310	Need for revising the Constitution

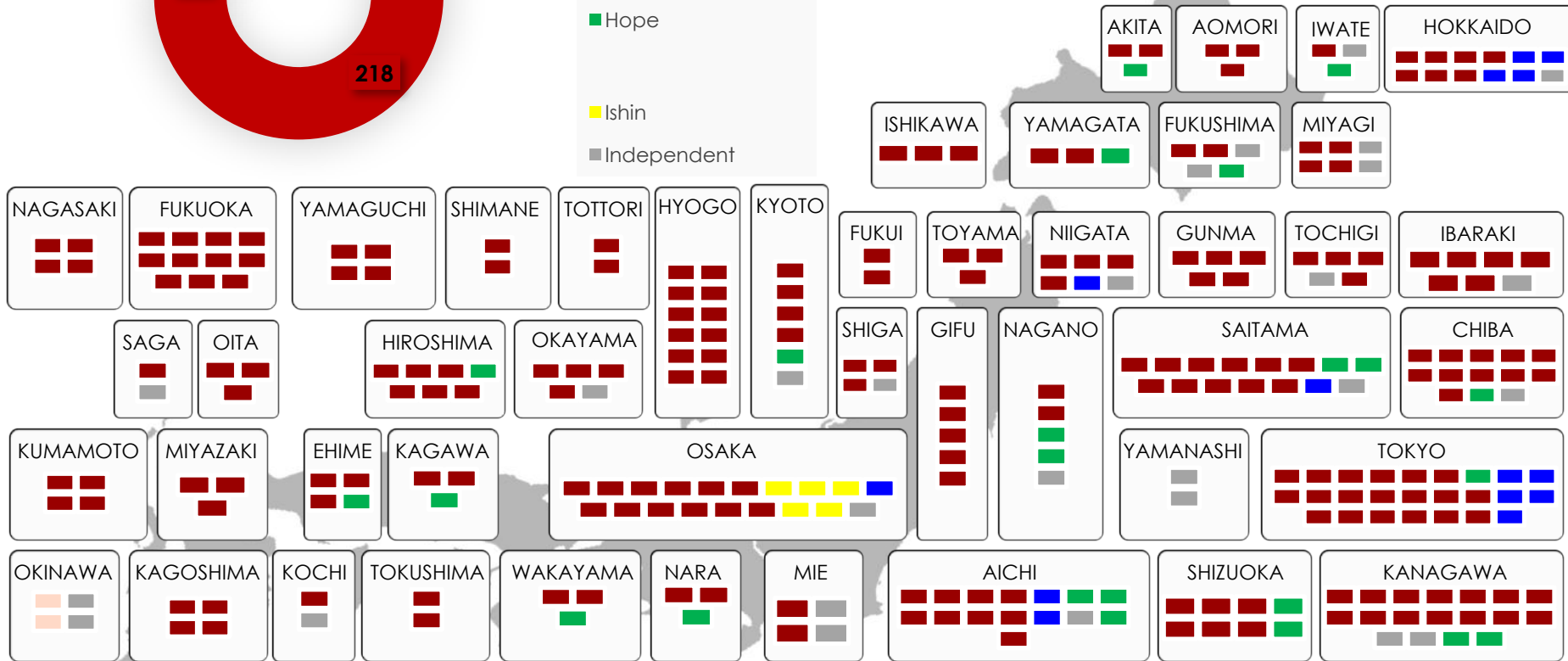
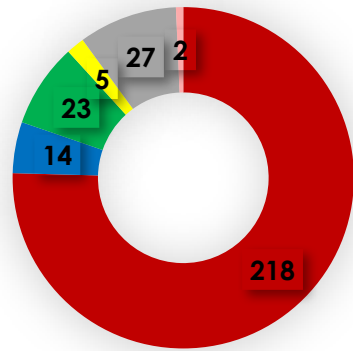
IPF Election Special 2017

- Background to Election 2017 – why now ?
- Election basics
- **Prediction of outcome in single seat constituencies**
- Prediction of outcome in proportional representation
- Comparison of election platforms
- LDP election platform
- Political schedule moving forward
- Conclusion

2014 general election single seat distribution map



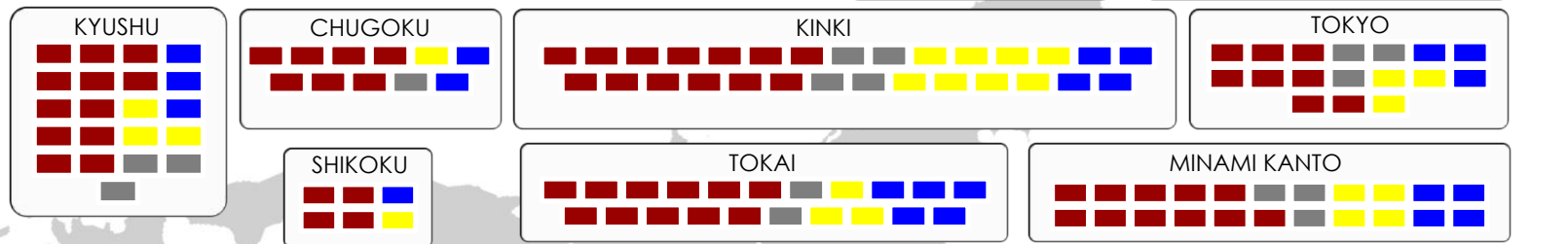
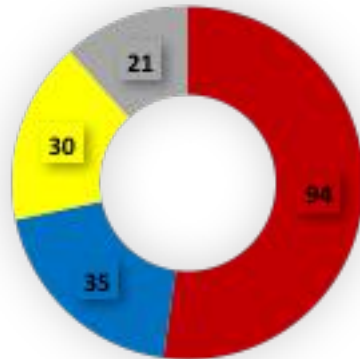
2017 general election prediction: single seat distribution



IPF Election Special 2017

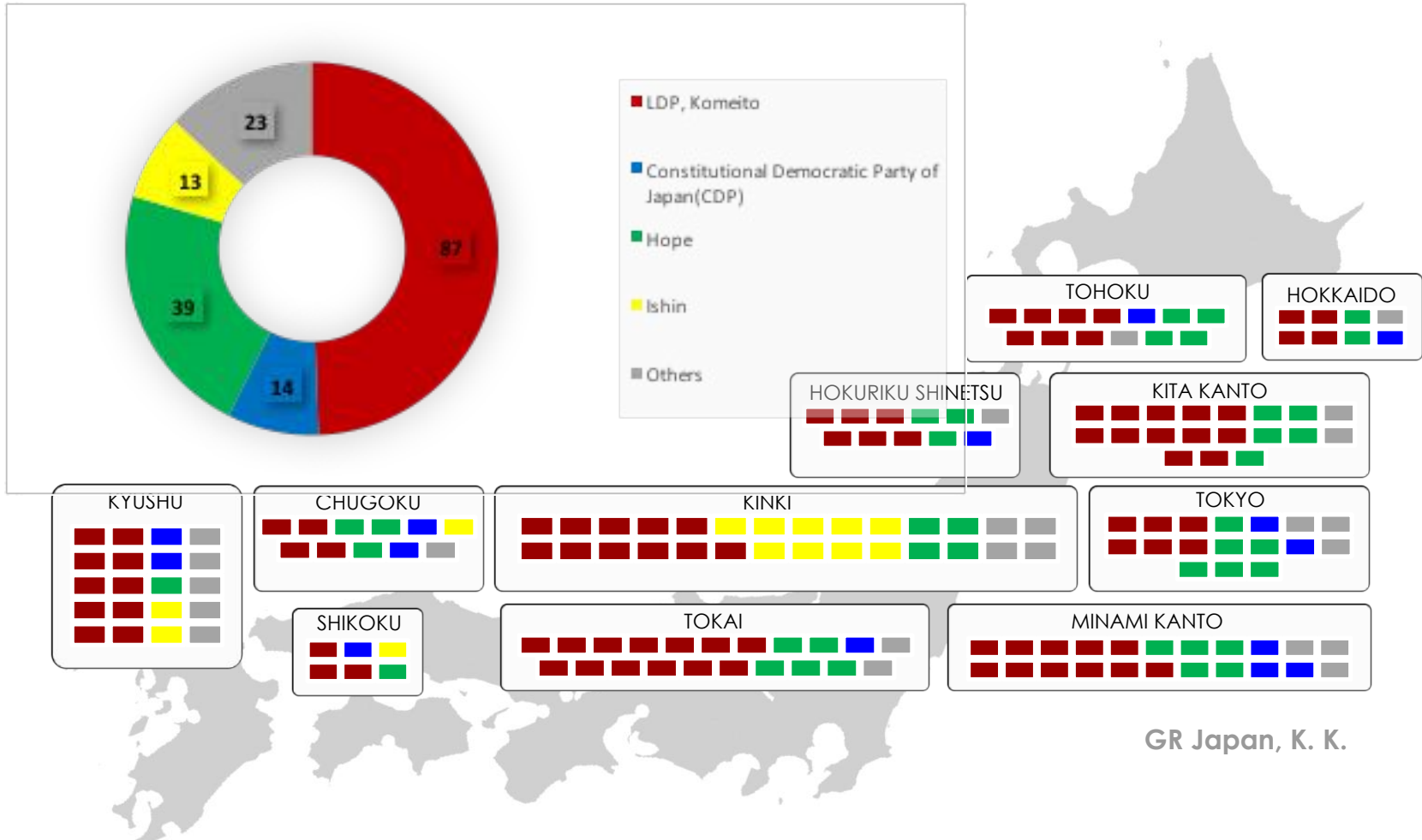
- Background to Election 2017 – why now ?
- Election basics
- Prediction of outcome in single seat constituencies
- **Prediction of outcome in proportional representation**
- Comparison of election platforms
- LDP election platform
- Political schedule moving forward
- Conclusion

2014 general election proportional representation seats distribution map

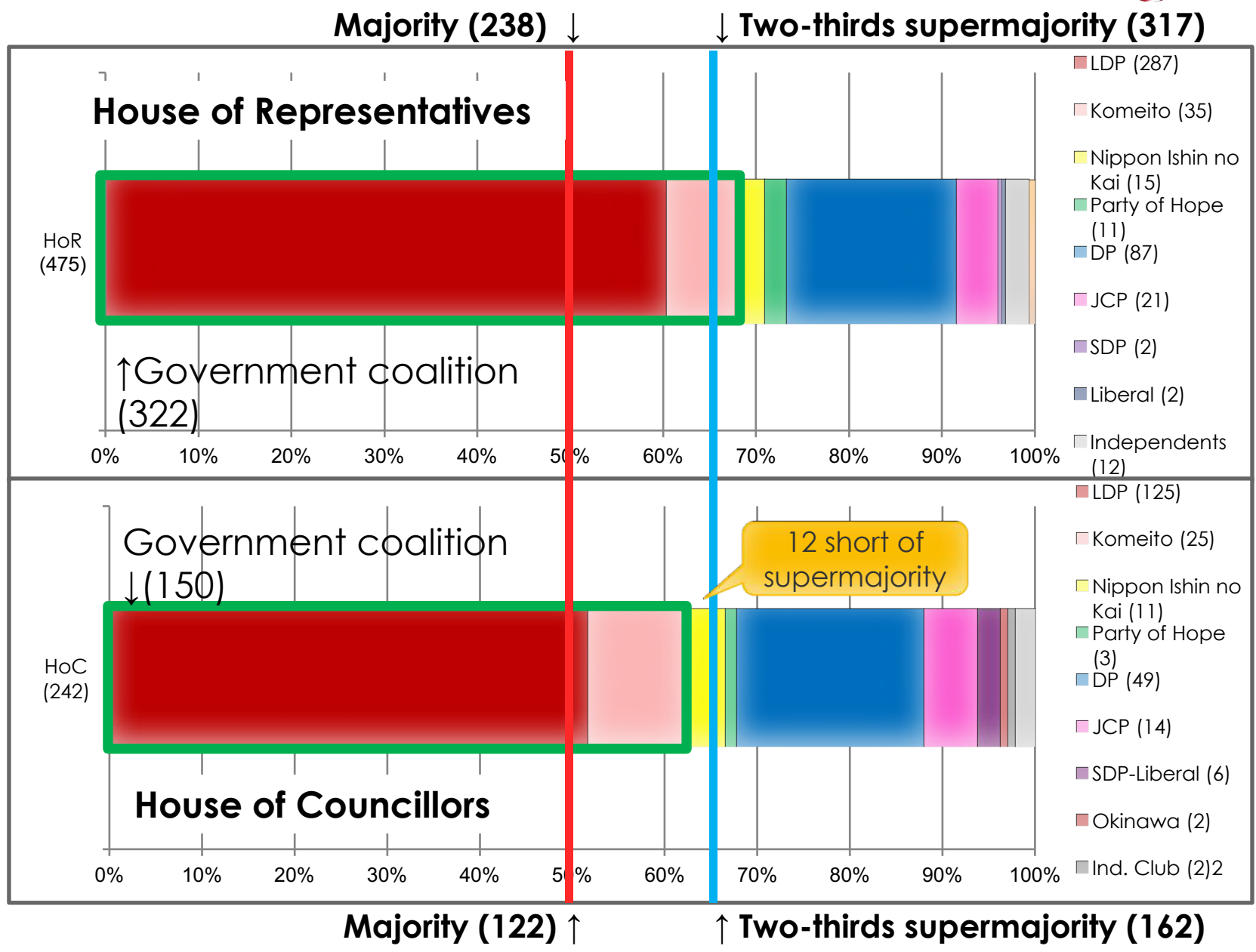


GR Japan, K. K.

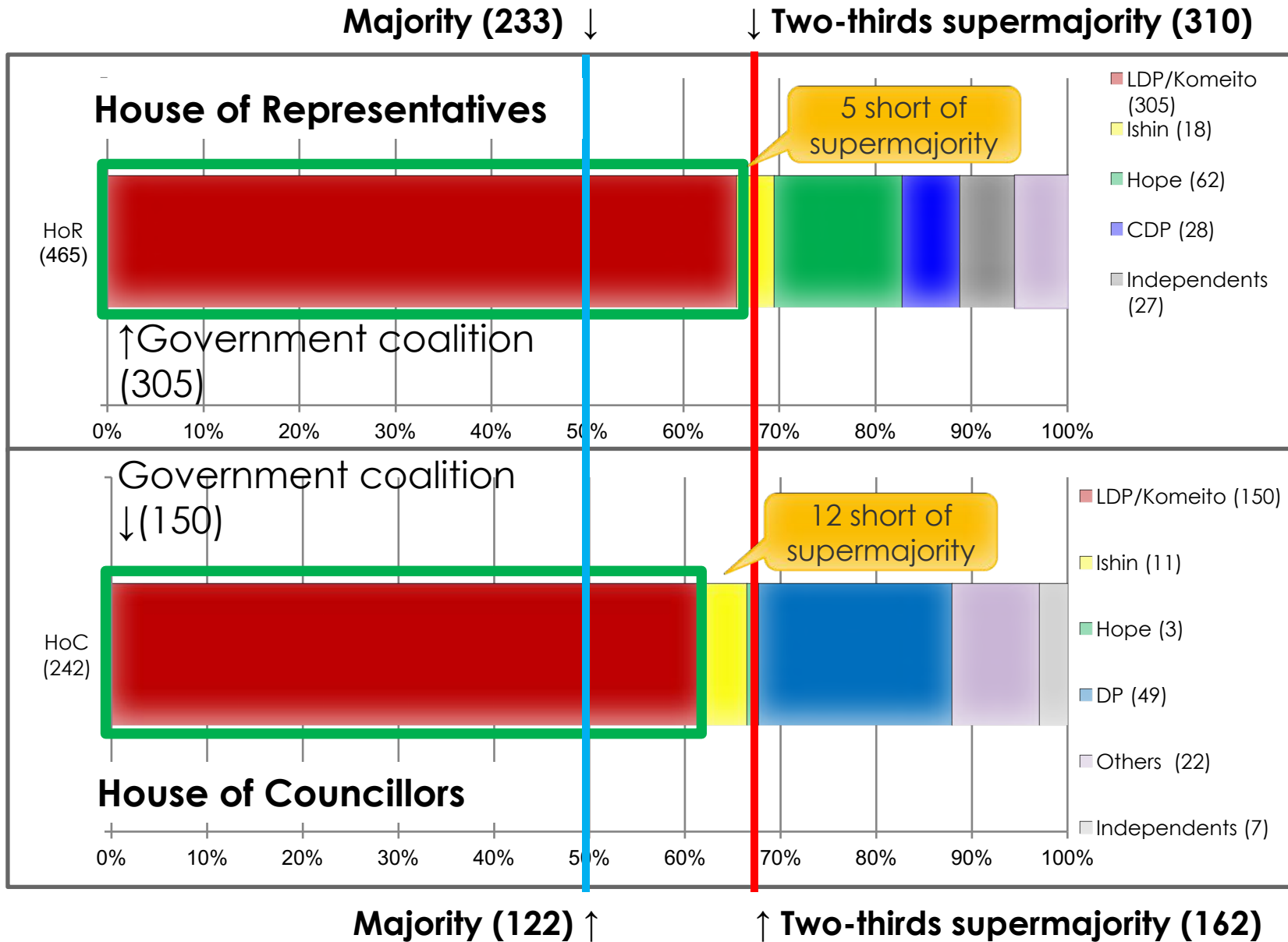
2017 general election prediction: proportional representation seats distribution



Pre-dissolution seats distribution in the Diet Japan



Prospective seats distribution in the Diet



IPF Election Special 2017

- Background to Election 2017 – why now ?
- Election basics
- Prediction of outcome in single seat constituencies
- Prediction of outcome in proportional representation
- **Comparison of election platforms**
- LDP election platform
- Political schedule moving forward
- Conclusion

Comparison of the major political parties' policies on key issues

Liberal Democratic Party (LDP)
Komeito
Party of Hope
Constitutional Democratic Party

Constitutional reform

Liberal Democratic Party (LDP)	Komeito	Party of Hope	Constitutional Democratic Party
<ul style="list-style-type: none"> • Deliberation by Research Commission on the Constitution (HoC, HoR) • Four points of revision: <ol style="list-style-type: none"> 1) SDF explicit authority 2) Free education 3) Emergency powers 4) Single seat district for each prefecture in HoC • Submit draft revision to Diet, hold citizens' referendum, achieve first revisions to post-war Constitution. 	<ul style="list-style-type: none"> • Regards Constitution in effect for 70 years as superior, holds it in high esteem. • Continues to uphold Article 9, Sections 1 and 2 which embody the principle of pacifism. • Japanese people's support for any changes is paramount. 	<ul style="list-style-type: none"> • Deliberate revisions to Constitution, including Article 9. • Make citizens' right to know and local government autonomy explicit. 	<ul style="list-style-type: none"> • Opposes departure from pacifist self-defense, change to Constitution and revision of Article 9 on grounds of security.

Economic policies

Liberal Democratic Party (LDP)	Komeito	Party of Hope	Constitutional Democratic Party
<p>Productivity revolution</p> <ul style="list-style-type: none"> • 3 years focused investment • Tax, budget, regulatory reform • Redirect corporate profits to capital investment, HR • Include SMEs, small businesses. <p>Entrepreneurial nation</p> <ul style="list-style-type: none"> • Measures to accelerate expansion in supply of medium-term growth capital. • Unicorn ventures capable of revitalizing industry and changing the world. 	<p>Support for:</p> <ul style="list-style-type: none"> • Bolstering SMEs • Virtuous circle economics • Growth strategy acceleration 	<p>Aim to:</p> <ul style="list-style-type: none"> • Invigorate economy • Fully utilize private sector dynamism • Implement regulatory reform • Maximize use of special districts 	<p>Policy Priorities:</p> <ul style="list-style-type: none"> • Revitalize middle class with hike in real wages • Support for primary industries at core of regional economies

Liberal Democratic Party (LDP)	Komeito	Party of Hope	Constitutional Democratic Party
<ul style="list-style-type: none"> • Secure HR, improve treatment of nursing care workers • Compile new ¥2 trillion “People Making Revolution” policy measures by FY/End • Fiscal reconstruction with thorough reform of revenues, expenditures. • Secure 320,000 day care slots by FY2020 under Childrearing Security Plan • Free daycare, preschool for children age 3-5, free day care for children age 0-2 from low-income families 	<ul style="list-style-type: none"> • Support for low-income retirees • Reduce social insurance premium for nursing care • Longer healthy, active lifespan 	<p>Declining Birthrate</p> <p>Social requirements for halting decline in birthrate:</p> <ul style="list-style-type: none"> • Full-time, permanent employment • Marriage • Childrearing <p>Provide assistance:</p> <ul style="list-style-type: none"> • Free daycare, preschool • More non-repayable grant scholarships • Hope for children regardless of parental incomes 	<ul style="list-style-type: none"> • Raise wages, improve treatment for childcare workers, preschool teachers and caregivers • Raise medical and nursing care compensation, reduce co-pay for medical, nursing care • Support companies expanding full-time, permanent positions • Exempt unprofitable SMEs social insurance premium • Enforce Disability Discrimination Act, create Sign Language Act • Realize suicide-free society • Education support to break chain of poverty, combat child abuse w/daycare facilities • Strengthened private sector collaboration

Consumption tax

Liberal Democratic Party (LDP)	Komeito	Party of Hope	Constitutional Democratic Party
<ul style="list-style-type: none"> • Incremental revenue from consumption tax hike • Balance fiscal reconstruction, social security enhancement • Focus investment on childrearing generation • Move strongly toward Social Security for All Generations 	<ul style="list-style-type: none"> • Household income boost from tax cuts 	<ul style="list-style-type: none"> • Suspend consumption tax hike • Ensure economic recovery 	<ul style="list-style-type: none"> • Cannot hike consumption tax to 10% in near future • Debate on future burden on citizens is needed • Strengthened redistribution function of income, inheritance, investment taxes

Liberal Democratic Party (LDP)	Komeito	Party of Hope	Constitutional Democratic Party
<ul style="list-style-type: none"> • Pressure international community to bolster sanctions • Aim to eliminate missiles, nuclear weapons by verifiable and irreversible means. • All efforts to resolve abduction issue 	<ul style="list-style-type: none"> • Advance efforts to comprehensively resolve nuclear weapon, missile and abduction issue • Principles of Dialogue and Pressure, Actions for Action • Strengthen collaboration with US, South Korea, China, Russia, international community to boost effectiveness of sanctions • Advance multi-layer defense structure to ensure a safe, secure and peaceful lifestyle for citizens 	<ul style="list-style-type: none"> • Write existing security framework into Constitution • Appropriately handle missile defense 	<ul style="list-style-type: none"> • Nuclear tests, missile launches pose a serious threat • Collaborate with international community to increase pressure to negotiate • Diplomatic appeal to abandon nuclear weapons and missiles • Resolve abduction issue

Energy policy

Liberal Democratic Party (LDP)	Komeito	Party of Hope	Constitutional Democratic Party
<p>Responsible Energy Policy</p> <ul style="list-style-type: none"> • Rigorous energy savings, maximum introduction of renewable energy • Raise efficiency of thermal power plants • Energy mix that strikes balance between economic growth, control of CO₂ emissions 	<p>Environment /Energy Strategy</p> <ul style="list-style-type: none"> • Do not permit new installation of nuclear power • Rigorous energy savings, maximum introduction of renewable energy • Increase efficiency of thermal power plants • No reliance on nuclear power; aim for zero nuclear power 	<p>Zero Nuclear Power Roadmap</p> <ul style="list-style-type: none"> • Aim for zero nuclear power by year 2030 • Rigorous energy savings, transition to eco companies. 	<p>Zero nuclear power as soon as possible</p> <ul style="list-style-type: none"> • Formulate Zero Nuclear Power Act • Expand investment in energy saving, renewable energy technology economic growth strategy • Achieve distributed energy companies • Promote global warming measures based on Paris Agreement

IPF Election Special 2017

- Background to Election 2017 – why now ?
- Election basics
- Prediction of outcome in single seat constituencies
- Prediction of outcome in proportional representation
- Comparison of election platforms
- **LDP election platform**
- Political schedule moving forward
- Conclusion

Enhancing Innovations

- Promote **Big Data** on the basis of the Basic Act for the Promotion of Public-Private Data Utilisation **to support autonomous driving and smart agriculture**
- Take leadership in the **creation of international standards for FinTech and lead user-oriented reform of financial services** while advancing an environment that promotes open innovation
- Greatly increase productivity at construction sites through the utilisation of IT and **establish Japan as an "Entrepreneurship nation"**
- Submit legislative proposals during the next ordinary Diet session in preparation for **establishment of a "sandbox" regulatory system**

Prompting Innovation

- Promoting **IoT, AI**, and other productivity enhancing innovations.
- Promote the **utilisation of the My Number system** and foster a transition to a system whereby all types of procedures can be completed online
- **Boost administrative efficiency and convenience** for citizens by promoting the utilisation **of big data and ICT and utilising the My Number system**
- Strongly promote **introduction of cloud computing to local government organisations** as a means of ensuring security and improving the efficiency of administrative services
- **Undertake thorough reform of bedrock regulations** to allow for the establishment of attractive, world leading business that innovation facilitates.

Work-style reform

- Aim to have **women occupy 30% of leadership positions**, in public and private sector alike
- Make **preschool education free-of-charge**, secure **human resources for nursing care**, etc.
- Work to **secure childcare leave for men** and promote systems of **men's participation in housework and childcare**.

Environment

- Work on achieving **the target of 26% greenhouse gas emissions reduction target of 2030** by expanding the introduction of renewable energy etc. **and aim for 80% reduction by 2050**
- Introduce and promote rigorous **energy conservation measures and zero emissions technologies**
- **Deter the illegal operation of foreign fishing vessels and strengthen international resource management** with neighbouring countries

Revitalising local economy

- *Promote regional economic revitalisation through **the active promotion of PPP / PFI initiatives** for airport, water supply, sewerage and road concession business projects*
- Raise the transparency of the National Strategic Economic Zones (SEZ) and **plan for national rollout of regulatory reforms achieved** within the SEZs
- Actively **encourage businesses to relocate corporate headquarters to regional areas**, fully relocate the Agency for Cultural Affairs to Kyoto
- Realise new, robust regional lifestyles that leverage **the sharing economy**

Tourism, Sport and Consumer Goods

- Aim for **40 million inbound foreign visitors in 2020** accounting for **travel consumption in excess of 8 trillion yen**, bolster promotion of inbound visits to Japan.
- Promote the **establishment of Japan-style Integrated Resorts**
- Establish an **Anti-Doping Law**, promote **lifelong sports**, including for the disabled, at schools **and public sports facilities and promote the sports industry**
- Strongly promote policies to **strengthen the international competitiveness of Japanese alcoholic beverage exports**

Defence and Security

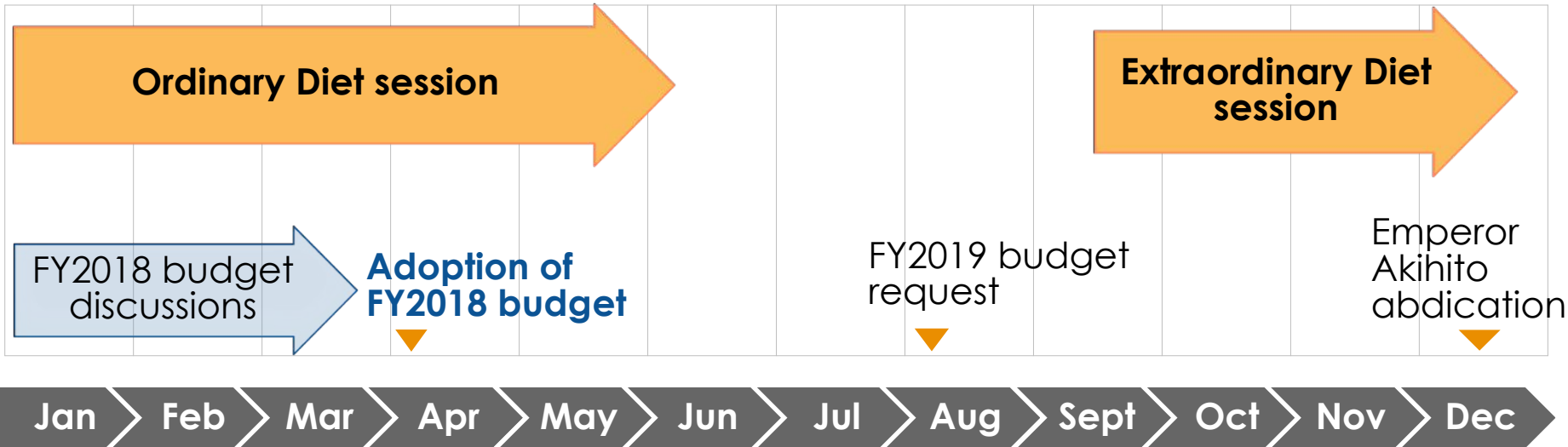
- **Formulate a new mid-term defence plan. Bolster and expand the quantity and quality of Japan's capacity to defend itself**
- **Double the scale of the space industry as a new industrial frontier** through deployment of the Quasi-Zenith Satellite System
- Thoroughly **enforce and strengthen the operation of the Antimonopoly Act and the Act against Delay in Payment of Subcontract Proceeds**, etc. to subcontractors.

IPF Election Special 2017

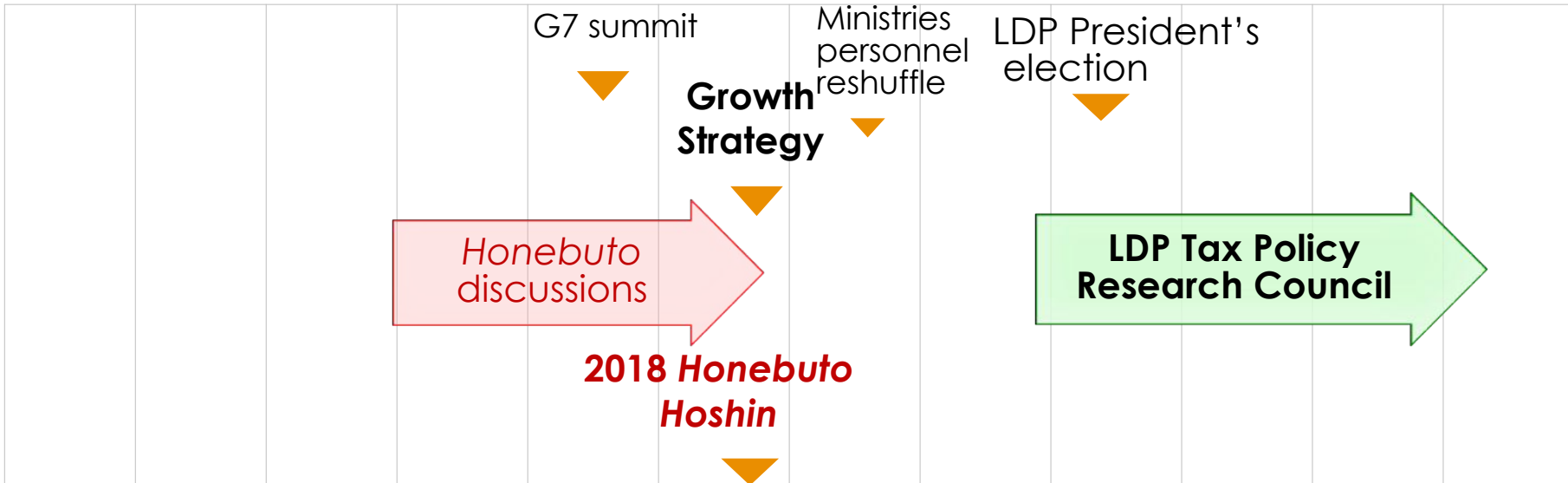
- Background to Election 2017 – why now ?
- Election basics
- Prediction of outcome in single seat constituencies
- Prediction of outcome in proportional representation
- Comparison of election platforms
- LDP election platform
- **Political schedule moving forward**
- Conclusion

Political calendar for 2018

DIET



CABINET AND GOV.



2019 political calendar:

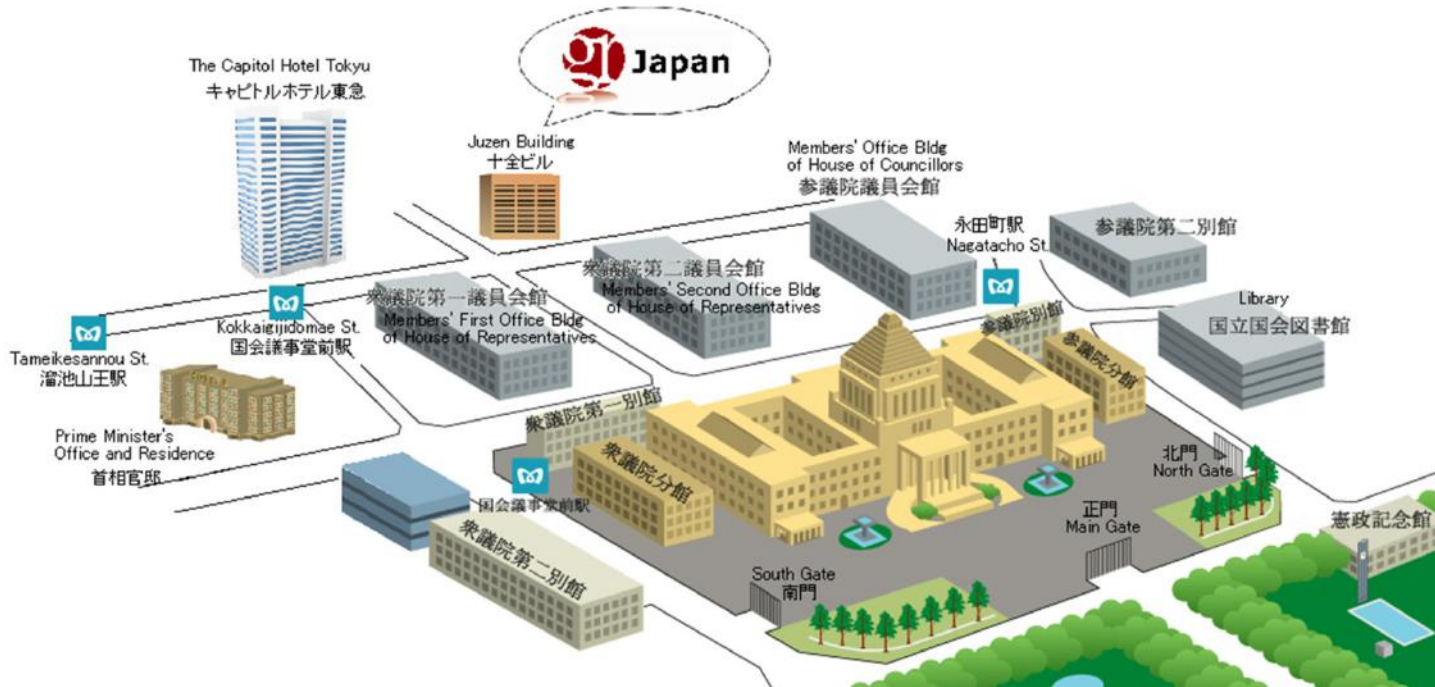
- Nationwide local government elections
- House of Councilors election
- Consumption tax raise

IPF Election Special 2017

- Background to Election 2017 – why now ?
- Election basics
- Prediction of outcome in single seat constituencies
- Prediction of outcome in proportional representation
- Comparison of election platforms
- LDP election platform
- Political schedule moving forward
- **Conclusion**

- LDP is going for yet another general election victory, the fifth in a row under Prime Minister Shinzo Abe
- Timing of the election works in favor of the ruling parties and their rule is likely to be extended with at least two, but most likely four more years
- Decisive win will result in PM Abe retaining control over the LDP and being reelected to a third term as LDP president in September 2018
- Yuriko Koike's sudden decision to get involved but not to run will prove to be a half-measure which would not go down well with the electorate and could cause her lose momentum in Tokyo
- The election results are not necessarily a reflection of massive public support for LDP, but a function of split opposition and poor strategy from Koike
- The Constitutional Democratic Party will do well and their success in this election could be the starting point of overcoming the trauma of DPJ's time as a ruling party in 2009-2012

- Japan will have a stable, pro-growth, and pro-industry government for years to come
- The government will move full speed ahead with tourism promotion policies, including the promotion of I.R. and facilitation for investments in port infrastructure for cruise lines
- The regulatory reform, the “regulatory sandbox” proposal, and initiatives to stimulate innovation through IT and work style reforms will also move ahead
- Changed use of tax revenue from consumption tax will re-open the discussion on all welfare spending, including on healthcare and drug costs.
- The new House of Representatives will see more than two-thirds of Diet members supporting Constitutional reform (Party of Hope and Ishin being on the same page with the ruling coalition) and Prime Minister Abe is likely to take forward the discussion.



Company Information

Juzen Bldg. 301, 2-9-6 Nagatacho, Chiyoda-ku, Tokyo 100-0014

Tel: +81 (0)3 6205 4205 | Fax: +81 (0)3 6205 4206

info@grjapan.com | www.grjapan.com