



## Update on succession of Prime Minister Abe

*28 August 2020*

### Executive Summary

- Prime Minister Abe announced his resignation as prime minister at 5.00pm JST today, acknowledging that his chronic ulcerative colitis has worsened. Abe said that he wishes to stand down to prevent his health interfering with his duties.
- Abe's resignation will be followed by an election for presidency of the Liberal Democratic Party (LDP) in early to mid-September. The details of the election will be announced on Tuesday. LDP Secretary-General Toshihiko Nikai will determine timing and election rules, increasing the likelihood that the contest will be decided primarily by LDP Diet members.
- The winner of the election will serve only the remainder of Abe's term as president of the LDP – to September 2021. Another election will therefore have to be held next year.
- The outcome of the LDP leadership election is highly uncertain, but the party may gather around a continuity candidate, such as Chief Cabinet Secretary Yoshihide Suga or Deputy Prime Minister Taro Aso, to "steady the ship".
- Among other possible candidates are Abe's favourite, Fumio Kishida, and Shigeru Ishiba, who is more popular with the LDP's rank and file. Neither is particularly well supported among Diet members and may be better placed for the contest in 2021.
- Whoever Abe's successor, Japan's overall policy direction should not shift significantly, at least not initially. Ishiba represents the greatest change, with a return to relative economic orthodoxy and the possibility of nuanced changes to Japan's relationship with the United States.
- Government attention and efforts continue to be focused intensely on the economy, which moved into downturn in Q4 2019 following an October 2019 consumption tax increase, and fell again with the impact of COVID-19.
- After pumping the equivalent of 40% of GDP into the economy via various fiscal measures, on top of continued monetary easing, the new prime minister will face the sharpest quarterly contraction of GDP on record while also having to grapple with the rising number of coronavirus cases in Japan.

While challenging, Japan has nevertheless seen the smallest fall in GDP among G7 countries.

- Even with the recent partial merger of two major opposition parties, bolstering the largest opposition party, the Constitutional Democratic Party of Japan, there is still no electorally credible alternative to the LDP.
- Despite declining approval ratings for Abe and the LDP in recent weeks, the LDP and the LDP-Komeito coalition will remain the dominant force in Japanese politics for the foreseeable future.

## **Next steps**

Following days and weeks of intense speculation about the health of Prime Minister Shinzo Abe, Abe announced his resignation at 5.00pm JST today during a regular press conference (the first “regular” press conference since June). Abe explained that he does not want his health problems to impact his work, adding that after receiving results of medical tests on Monday, he had concluded that this would be the best time to resign. He added that he will continue taking responsibility until the next prime minister is elected and said that his health should not be a problem until then.

An election for president of the LDP will therefore take place very soon, probably in early September. Crucially, the election will only be for the presidency of the LDP for the remainder of Abe’s term – the 12 months to September 2021. Another election for a full three-year term of the presidency of the LDP will have to take place next year.

One of the key points to watch is whether the election will be dominated by LDP Diet members or whether rank and file members will also get a vote. This could have a decisive impact on the outcome – if it is determined predominantly by LDP Diet members, which seems likely, candidates favoured by or more closely aligned with Abe are more likely to win. This would in particular favour Suga, Aso and Kishida, over Ishiba.

The most likely outcome is that this election will be restricted to LDP Diet members plus three votes for the senior office holders from each of the LDP’s 47 prefectural chapters. This will restrict the ability of the ordinary members of the party or the public to influence the outcome. In total, there would be just under 400 votes for LDP Diet members and 147 in total for the prefectures.

LDP Secretary-General Toshihiro Nikai has been given the formal mandate to determine on the format and date of the election. This further increases the

likelihood that LDP Diet members will be prioritised and that the vote will not be extended to the rank and file.

Details on the format of the election will be announced by the LDP's General Affairs Council on 1 September. Hakubun Shimomura, a former Minister for Education and a prominent member of the General Affairs Council, is among LDP figures expressing the view that the new party president (and thus prime minister) should be elected at a meeting of Diet members from both Houses of the Diet plus the three representatives from each prefectural chapter.

Abe declined to name people he hoped would succeed him, saying only that the main candidates all have potential in their own way.

## **Background**

Prior to today's announcement, speculation about Abe's health had been steadily intensifying over recent days and weeks. On 16 August, when Abe was said to be visiting hospital "for a full check-up", numerous sources in the Diet whispered – correctly – that he would resign before the end of his term, and shortly after breaking the record as longest consecutively-serving prime minister. Abe broke that record, which had previously been held by his great uncle, Eisaku Sato, with his 2,799<sup>th</sup> consecutive day as Prime Minister on 24 August.

Abe returned to hospital on 24 August. Although he stayed an hour longer than planned, on returning to official duties, he released a statement saying that the visit had simply been to receive last week's test results and to conduct a further test. Speculation that Abe has been struck by a recurrence of the ulcerative colitis that truncated his first tenure as prime minister in 2007 was widespread, while Abe's allies generally described Abe's condition as a function of fatigue from working continuously since the pandemic struck.

## **Scenarios for succession**

Deputy Prime Minister and Minister of Finance Taro Aso, himself a former prime minister, and Chief Cabinet Secretary Yoshihide Suga might be encouraged to stand as "continuity candidates". They would appeal to many LDP Diet members as a way to steady the ship.

Other prominent candidates include former Minister of Foreign Affairs Fumio Kishida, now Chair of the LDP's Policy Research Council, and Shigeru Ishiba, former LDP Secretary-General, who has held many senior Cabinet posts including Minister of Defence.

The result of the LDP presidential election will depend in part on factional maths and in particular who the LDP's powerful Secretary-General Toshihiro Nikai decides to support. In practice, Nikai's preference could be the key factor in determining the next prime minister.

### *Taro Aso*

Aso is a very strong candidate for the LDP presidential election. As deputy prime minister and leader of one of the LDP's largest factions, Taro Aso would, ironically, be seen by his colleagues a safe choice, despite his history of gaffes. His previous experience as prime minister, and his steadier tenure under Abe as Deputy Prime Minister and Minister of Finance, further increase his chances. Aso understands Abe's policy directions and is another passionate advocate of constitutional amendment. Aso shares Abe's views on expansive monetary and fiscal policy and would be likely to resist tough targets for "fiscal reconstruction" while being ready to continue radical monetary and fiscal easing measures.

### *Yoshihide Suga*

Chief Cabinet Secretary Suga is perhaps the most likely successor as things currently stand. His candidacy is helped by his close relationship with Toshihiro Nikai, Secretary-General of the LDP. However, his chances have been hit by criticism of both Suga and Nikai relating to the poorly conceived and executed "Go-To Campaign" incentivising domestic tourism despite the ongoing COVID-19 pandemic. If Suga replaces Abe as prime minister, it is possible that he could soften Japan's position on China, especially considering Nikai's influence. He might continue to give a high priority to tourism-promoting policies and work to make Japan more inviting to foreign capital. Suga takes a relatively hard-line stance towards South Korea and Russia on territorial issues. He has repeatedly stated that he is not interested in becoming prime minister, but would stand a good chance of being elected if he agrees to stand, especially if the election is restricted to LDP Diet members. A Suga premiership would be seen more as a caretaker government until September next year when full LDP elections will be held. The message of continuity would be very strong.

### *Fumio Kishida*

Kishida, a former foreign minister in the Abe government, has been strongly favoured by Abe, who positioned him in the LDP Policy Research Council job as a way to broaden and deepen his understanding of the kind of policy issues confronting a prime minister. Abe has offered Kishida advice on both substance and

management style in the new role in the wake of some criticisms. However, Kishida's image has suffered from his handling of the COVID-19 situation, with criticism particularly focused on the lack of clear and effective recovery plans. Since Kishida himself does not have strong policy positions, if he becomes prime minister, he would be expected to continue the trends of the Abe administration. He recently unveiled "from division to cooperation" as a key message of his administration and explained that for domestic affairs this translates into "correcting inequalities" and "emphasising local distribution (of resources)". In foreign affairs he has said that he will embark on a course of "international cooperation." Some of his colleagues see Kishida as not ready for the premiership and even his supporters might welcome a solution with an interim LDP president/prime minister until next year. This would give Kishida and his backers more time to launch him as a stronger candidate. Having been seen for a long time as Abe's preferred candidate, it was noted in Nagatacho that Abe's press conference took place while Kishida was out of town. This may be an indication that he is not currently seen as the preferred candidate, as it would have been usual to have Kishida there if the plan was for him to take over immediately.

### *Shigeru Ishiba*

Ishiba, a former Minister of Defence, has run against Abe for leadership of the party in prior election cycles and is one of few in the party who has clearly positioned himself as a rival to Abe. He is backed by a significant number of the LDP rank and file members but has less support among Diet members. His strong suit and primary interests are foreign policy and defence - where he has some divergent views from Abe. Given the economic impact of the pandemic, party members may look to someone with stronger background in economic policy. An Ishiba administration would likely be committed to regional development and domestic affairs, however. Ishiba opposes Prime Minister Abe on the issue of constitutional revision, so under Ishiba the Commission on the Constitution may have to start from scratch. Although he is seen as an expert in national security, he has little experience with diplomacy. Some of his past statements suggest that he could diverge from the subordinate pro-American stance of the Abe administration. Crucially, Ishiba stands little chance of being elected if the election is restricted to LDP Diet members only. One possible scenario, therefore, is that he does not put his hat in the ring now, but waits instead for a full campaign for the election next year.

### *Yasutoshi Nishimura*

Nishimura, Minister of State for Economic and Fiscal Policy, who is in charge of the government's coronavirus response, is another, relatively new contender. As a new

candidate, he would need to move quickly to increase his visibility if he is to be successful this time and it is more likely that he will hold back for now. Within the LDP's Hosoda Faction, members such as Hakubun Shimomura, former Minister of Education, and Tomomi Inada, former Minister of Defence, have also been showing interest in the next leadership election. However, due to their limited impact, young Diet members in the faction are moving to support Nishimura. Nishimura's plan may be to remain as a minister for now, but to position himself for a future run – either next year or in 2024. If Nishimura were to become prime minister, the influence of the Ministry of Economy, Trade and Industry (METI) would be likely to strengthen beyond even the influence it attained during Abe's administration.

### **Abe's legacy**

Despite being the longest-serving Japanese prime minister in history, Abe leaves behind an ambiguous legacy. Many of the gains achieved under the three-pronged "Abenomics" plan have been unwound by the COVID-19 pandemic, capped by a record 27.8% annualised decline in GDP in Q2 2020. Even before the pandemic, targets for wages and inflation were far from being met, and the economy went into downturn in Q4 2019 quarter following the hike in consumption tax from 8% to 10% in October 2019.

Despite his achievements in national security legislation, in foreign policy, Abe has not achieved his goal of agreement with Russia to return the Northern Territories, to say nothing of his most cherished policy goal: amending the Constitution.

Containing COVID-19 remains critical to another major Abe goal – executing a successful summer Olympic Games in July and August 2021, after postponement from August of this year. It is still highly uncertain whether the Games can be held as planned, but it is something Abe will want as part of his legacy, even now, after the major efforts and capital expended.

In short, Abe had compelling reasons, both personal and political, to serve out his term, but his health has deteriorated to the point where that was no longer a possibility. His successors will not have an easy job – they will have to fight the pandemic, while facing also stubborn challenges in foreign policy and public finance. Whoever takes the wheel after Abe's resignation will have a big job to do.

### **Political schedule**

Some key dates in the political calendar:

Date	Event
24 August 2020	Prime Minister Abe became Japan's longest serving prime minister in terms of consecutive days in office, marking 2,799 uninterrupted days as prime minister.
28 August 2020	Prime Minister Abe resigns
1 September 2020	Format and details of election to be formally decided at meeting of the LDP General Affairs Committee
Early to mid-September 2020	LDP presidential election
Mid-September 2020	New Cabinet named and allocation of senior LDP posts
September 2020?	Extraordinary Diet session to begin? New Prime Minister to be formally approved by the Diet.
30 October 2020	Expiration of term of office for party officials
3 November 2020	US Presidential Election
21-22 November	G20 Summit in Riyadh
24-26 December	Cabinet decision on draft budget for FY 2021
January 2021	Start of the 2021 regular Diet session
23 July 2021	Tokyo Olympics Opening Ceremony
30 September 2021	Expiration of Abe's successor's term as president of the LDP
21 October 2021	Expiration of term for members of the House of Representatives

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