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Issue Brief

The Dissolution of Factions within Japan's LDP: An Unfinished Revolution

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S*ummary*

Japan is on the cusp of a political revolution following the revelations of a deep, systematic scandal encompassing the entire Liberal Democratic Party (LDP) which threatens its nearly-uninterrupted grip on power. While Prime Minister Fumio Kishida has attempted to tamp down on the internal factions responsible for the scandal, it is difficult to say with any certainty whether the formal termination of political factions will endure into the future.

Introduction

Japan’s post-Second World War political system has been defined to a great extent by the longevity of the Liberal Democratic Party’s (LDP) nearly-uninterrupted grip on power. To a large extent, this continuous rule has been held in place by the existence within the LDP of substantial factional groups. As a big-tent party meant to bind together the conservative spectrum in the wake of a disastrous war and nearly 10 years of American-led occupation, the LDP from the very start relied on internal factions to provide the kind of oppositional politics that could not be counted on from the traditional opposition benches in the Diet. Even the overhaul of the electoral system undertaken in 1995 with the amendment of the Public Offices Election Law (*kōshoku senkyo hō*, 1950) did not fundamentally alter the necessary conditions for the continuing relevance of factions.

It is thus a surprising (and possibly ground-breaking) development that Prime Minister Fumio Kishida on 16 January 2024 essentially presided over the end of factions in their current avatar, by announcing the dissolution of his own faction and accepting the interim findings of an intra-party reform committee report recommending dissociating party factions from any administrative functions, relegating them to ‘policy organisations’ only.¹ Kishida’s actions have since triggered the dissolution of nearly all other factions within the LDP, with the holdouts being met by a wave of mass defections. As new political formations emerge, Japan appears to be on the cusp of a political revolution, and it would be interesting to observe how politicians within the LDP negotiate the brave new world set in motion by Kishida.

Factions in Japanese Politics

Kishida’s January decision has a backdrop in the wildfire that is the party funds scandal. The scandal first emerged into public consciousness in December 2023, when investigators from the Tokyo Prosecutor’s Office raided the offices of two prominent factions within the LDP²—the Abe and Nikai factions, led by the late Shinzō Abe (until 2022, collective leadership afterwards) and former LDP Secretary-General Toshihiro Nikai respectively—while members from the prime minister’s own faction were called in for interviews. Behind the raids was a scandal of deep complexity, which proceeded in the following fashion.

¹ Mireya Solis and Laura McGhee, “[Can Japan’s Kishida Deliver on Political Reform?](#)”, Commentary, Brookings Institution, 2 February 2024.

² “[Prosecutors Search Offices of LDP Factions Mired in Funds Scandal](#)”, *Kyodo News*, 19 December 2024.

As Japan’s electoral laws, most prominently the Public Offices Election Law 1950³, were amended in 1995 to provide for a mix of single-member districts (SMD) with first-past-the-post (FPTP) systems and multi-member districts (MMD) with proportional representation (PR) systems, campaign funding became an issue.⁴ Pre-reform, prospective candidates sought funding from interested citizens and corporations in order to stand for elections, which raised well-deserved questions about legislative capture by vested interests. Simultaneously, amendments made in the same year to the Political Funds Control Law 1948⁵ placed ceilings on contributions to lawmakers’ election campaigns by corporations and lobbying groups. Electoral activities became publicly funded, with a sum of 250 Japanese yen being allocated to each party for every vote it obtained in the previous elections. The law, however, turns out to have a major loophole which has led it to be called a ‘dead law’ (*zaru hō*)⁶ in Japanese—there are no restrictions for party factions in the amendments.

Under the pre-1995 system, party factions played important roles within the party. As mentioned above, at the macro level, they played the role of internal opposition parties, which meant that bad policies would often not even see the light of day due to their opposition. Additionally, they served as alternative power centres for intraparty competition—the number of members in one’s own faction, and the contacts they had with other factions, could often make an outsized difference in the race to be elected the Secretary-General of the party, which often (though not always) led to the post of Prime Minister.

Factions also served to sort policymakers in easy-to-predict policy groupings, as the faction leader’s role as whip led to policy uniformity among the members. A prominent example of this latter role is the Abe faction, which when led by the former prime minister grouped together nearly all the far-right Diet members in a single bloc. This bloc then used its numerical strength as the largest faction during Abe’s second premiership (2012–2020) to push policy in directions it favoured. These steps included the formation of the National Security Council, institution of security clearances and curbs on freedom of information, while tamping down on less-favoured policies such as separate surnames for married couples, LGBTQ+ issues and a soft line of China.

³ “[公職選挙法 \(Political Office Election Law\)](#), 昭和二十五年法律第百号 (1950, No. 100)”, 法務省 (Ministry of Justice), Japan.

⁴ “[選挙の種類 \(Types of Elections\)](#), 総務省 (Ministry of Internal Affairs and Telecommunications), Japan; 森脇 俊雅 (Toshimasa Moriwaki), “[日本の選挙制度について](#)” (Regarding Japan’s Election System), *方と政治 (Law and Politics)*, Vol. 65, No. 1, 2014, p. 38.

⁵ “[政治資金規正法 \(Political Funds Control Law\)](#), 昭和二十三年法律第九十四号 (1948, No. 194)”, 法務省 (Ministry of Justice), Japan.

⁶ “[【社説】派閥の政治資金 透明化へ「ザル法」見直せ \(Editorial: Funding for Factions should be Transparent, Revise the 'dead law'\)](#)”, *西日本新聞 (Nishi Nippon Shimbun)*, 27 November 2023.

The Kickback Scandal and Factions

It was expected that as the electoral system changed, party factions would cease to be relevant. However, even after nearly 20 years, factions continued to operate at more-or-less the same levels of activity. Many scholars have attempted to explain their survival in various ways, but the events of December 2023 and January 2024 point to a hidden factor. The factions, being in charge of funding and expenses for its members, had become the ideal vehicle for a long-running, persistent and widespread scheme of kickbacks.

Utilising the loopholes in the law, party factions held large parties the tickets to which individual lawmakers would have the responsibility to ‘sell’ to corporate and individual donors. Quotas were set by the faction leadership in line with the lawmaker’s track record and personal charisma. If the lawmaker failed to meet the quota, the debt would be transferred to their balance sheet. If they overshot the quota, however, the difference in amount would be transferred over to them in kickbacks which they could then use as ‘alternative’ campaign funds in addition to taxpayer-funded expenses. Alternatively, they could use the faction’s services to pool the funds into one large slush fund for all the faction members to dip into according to need.⁷

This loophole obviated the need for reporting such slush funds or kickbacks, as factions remained beyond the purview of the law. The resulting pool of funds, according to prosecutors, reached approximately 675 million Japanese yen (US\$ 4.5 million) for the numerically-strongest Abe faction alone, with the Nikai faction a close second with 264 million Japanese yen (US\$ 1.7 million).⁸

The fallout of the prosecution, and the subsequent series of indictments and arrests of junior lawmakers, initially followed a predictable script. Kishida sought, and was granted, the resignation of several leading members of his Cabinet belonging to the stricken factions. Most notably, this list included Chief Cabinet Secretary Hirokazu Matsuno, Minister for Economy, Trade and Industry Yasutoshi Nishimura, Internal Affairs Minister Junji Suzuki and Agriculture Minister Ichiro Miyashita.⁹

The prime minister also promised reform of the electoral funds law to completely ban or raise to prohibitively high levels any kind of private funding of elected officials, and continued to call for ‘restoring the trust’ in politicians in press conferences. However, and uncharacteristically for a public often apathetic to previous revelations of political misdeeds, the Japanese people do not seem to have forgiven and forgotten

⁷ Masao Yora, “[Kishida in the Mire: Kickbacks Scandal Engulfs LDP](#)”, *Nippon.com*, 22 December 2023.

⁸ Himari Semans, “[Anger as Japan Politicians Avoid Charges in Slush Fund Scandal](#)”, *Unseen Japan*, 21 January 2024.

⁹ Masao Yora, “[Kishida in the Mire: Kickbacks Scandal Engulfs LDP](#)”, no. 7.

this current trespass. Surveys of public attitudes are continuously revealing the lowest levels of trust in elected officials, persistent negativity about Kishida’s premiership and calls for his immediate resignation.¹⁰

‘End’ of Factions in the Wake of the Scandal

Faced by unprecedented public anger, Kishida was led to embark on an internal process of house-cleaning by initiating a reform committee within the party, whose membership immediately came under fire for including members of the factions involved in the scandal, despite also including non-faction-affiliated members such as former Prime Minister Yoshihide Suga. As media reports noted Kishida’s taking an active role in the proceedings, the committee came up with a set of interim recommendations which the prime minister immediately declared he would adopt. Illegal actions by any member of a legislator’s staff would be considered the legislator’s responsibility as actions taken on his behalf. More importantly, the factions are to be replaced by ‘policy organisations’ devoted to ‘educating and training’ freshmen lawmakers, with no financial powers.¹¹

Putting words into practice, Kishida dissolved his own faction, angering many within the party who supported the old system. This in turn triggered a wave of dissolutions, with the Abe, Nikai and Moriyama factions going out of existence. The factions headed by Deputy Prime Minister Taro Aso and Toshimitsu Motegi have sought to hold out, but have been met with an exodus *en masse* as members willingly give up their faction affiliation. Public anger remains unabated though, as recent surveys point to disillusionment regarding Kishida’s follow-through of his promises to eliminate factions and to reform the political funding law. The opposition parties have sought to make hay of these emotions, though their distraction and division have not translated into electoral fortunes.

Conclusion

It is difficult to say with certainty whether the formal termination of political factions will endure into the future. Japan’s political system has tried to purge itself of factions before, only to see them reinvent themselves and re-emerge onto the scene.

¹⁰ See Rintaro Nishimura, “[Tweet: A Roundup of Polls Released So Far This Month...](#)”, X (formerly Twitter), 19 February 2024.

¹¹ “[自民 政治刷新本部 中間とりまとめ決定“カネと人事から決別 \(LDP Political Reform Committee Decides on Interim Recommendations; Aims to Dissociate “Money from Administration\)”](#)”, *NHK News*, 25 January 2024; 木内 登英 (Takahide Kiuchi), “[踏み込み不足の政治刷新本部・中間とりまとめ：政治改革は国民の意識改革と一体で \(Interim report from the Political Reform Headquarters a lost opportunity: Political reform is integral to changing the consciousness of the people\)](#)”, Commentary, Nomura Research Institute, 26 January 2024.

Indeed, it may be better for factions to continue to exist in different forms. Given the absence of external opposition, internal policy factions provide the only checks-and-balances (albeit from within the same party) to the actions of the executive, as they constrain the prime minister from taking any action that might affect him in the next party polls.

This is doubly important as other national political parties in the Diet have historically been unable to mount any concerted opposition to the LDP’s policies, and are therefore not trusted by the public at large. Regional parties such as *Nippon Ishin no Kai*¹² (Japan Restoration Party, Osaka and Kyoto regions) and *Tomin First no Kai*¹³ (Tokyo Residents First Party, Tokyo and surrounding areas) have made their mark in recent elections, but have a long way to go before they can plausibly challenge LDP dominance.

At the same time, it is certain that the factions as currently constituted present a serious issue, as they concentrate financial power out of proportion to their role within the political system. The party funds scandal reveals not only the creation of alternative power centres within a ruling party, but also a worrying disregard for public accountability, features which the LDP would do well to distance itself from in future in order not to attract international concern over its level of democratic functioning.

The political reform committee’s recommendations are the right way forward on the surface. Collective responsibility would create a ‘stick’ to counter the ‘carrot’ of political office. The reconstitution of factions as political research and study organisations devoted to the cultivation of young lawmakers can create a balance between Japanese lawmakers’ need to coalesce around particular viewpoints and ideologies and the public accountability that comes from not having secretive alternative funds available to influence elections. The latter measure would also clarify for outside observers the appropriate group of lawmakers to approach to influence policy. A good instance of the way this could work is the non-faction-affiliated *Ganeshha no Kai* (Ganeshha Group) headed by the pro-India former Prime Minister Yoshihide Suga, which focuses on improving ties with India. However, given the difficulties of political reform in Japan historically, one cannot be too optimistic on this score. Nevertheless, Japanese politics is heading towards a brave new world for sure.

¹² “**政策 (Policy)**”, 日本維新の会 (Japan Restoration Party).

¹³ “**綱領 (Principles)**”, 都民ファーストの会 (Tokyo Residents First Party).

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