

Political Outlook for Japan's Upper House Elections

Japan is heading into a crucial election for the Upper House on July 20, a vote that will determine not only the fate of Prime Minister Shigeru Ishiba's government but also the trajectory of the country's political response to growing economic and geopolitical pressures. After losing its parliamentary majority in last year's Lower House elections and suffering defeat in recent local elections in Tokyo, the ruling coalition—comprised of the Liberal Democratic Party (LDP) and Komeito—faces a tough battle to retain its majority in the Upper House.

In this campaign, Ishiba and his allies are grappling with a series of domestic issues weighing heavily on voters' minds. Chief among them is the relentless pressure of rising living costs. Inflation has outpaced wage increases, forcing Japanese households to cut back on spending. This situation has been further exacerbated by a severe rice shortage, striking a sensitive chord in a country where rice remains a cultural and economic mainstay.

At the same time, Ishiba has come under criticism for his ineffective handling of tariff negotiations with the United States. President Trump's recent decision to impose steep tariffs of 25% on a broad range of Japanese products—in addition to 25% on automobiles and auto parts, and 50% on steel and aluminum—has shaken Japan's business sector and generated significant concern among the public. Ishiba has taken a firm stance, vowing not to yield to what he describes as “unfair demands.” While this position resonates well with nationalist voters, business leaders and economists warn that maintaining a rigid stance could have serious economic consequences, with potential reductions in GDP estimated between 0.3% and 0.5%, or possibly higher, in an economy whose growth forecast hovers around only 1% for 2025.

Polls reflect the fragile position of the ruling coalition. Support for the LDP ranges between 18% and 30%, while Komeito's support stands between 3.5% and 6%. Meanwhile, opposition parties such as the Constitutional Democratic Party (CDP), the Democratic Party for the People (DPP), the Japan Innovation Party, and the right-wing populist Sanseito have gained ground, especially in single-member districts where contests are expected to be extremely tight. Additionally, surveys reveal a high percentage of undecided voters, reflecting public disillusionment and uncertainty amid ongoing economic difficulties and political scandals that still linger after past mistakes by the LDP.

At the heart of the electoral debate is the issue of how to respond to inflation. The government has proposed cash subsidies of 20,000 yen for households and 40,000 yen for those with children to mitigate the impact of rising prices. However, the opposition has criticized this measure as insufficient and merely a campaign tactic. In contrast, opposition parties have proposed reducing the consumption tax on food—or more broadly—as a more structural solution to stimulate spending and relieve pressure on households. According to polls, a majority of voters favor reducing the consumption tax on food, viewing it as a measure with greater impact and longer-lasting benefits compared to the one-off subsidies proposed by the government.

The challenge is immense. If the LDP-Komeito coalition fails to secure at least 50 of the 125 seats up for grabs, a period of political instability could ensue, leaving the government weakened in its ability to pass legislation. It would have to negotiate each legislative issue and forge alliances with

opposition parties. Moreover, if the defeat is significant, there is the possibility that Ishiba could resign to take responsibility, creating a temporary leadership vacuum in an already complex domestic and international environment.

In conclusion, the LDP-Komeito coalition faces a real risk of losing its majority in the Upper House. Prime Minister Ishiba's leadership hangs by a thread as he tries to persuade voters that his administration has the answers to Japan's most pressing challenges: containing inflation, protecting household livelihoods, and securing a satisfactory tariff agreement with the United States without sacrificing economic stability.

Dr. Ritter Diaz

International Consultant

Tokyo, July 15, 2025