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Field notes: some tentative findings about the Takaichi government

I have returned to the United States following a twelve-day visit to Tokyo. This note summarizes the findings from my meetings with politicians, bureaucrats, academics, and other experts.

Over the course of nearly two weeks in Tokyo, I had a broad array of meetings seeking to gain insight into the direction of Prime Minister Takaichi Sanae's newly formed government. By virtue of the recency of Takaichi's taking office, it is difficult to reach more than tentative conclusions about the government. However, over the course of my conversations, several themes stood out:

- Takaichi's government – and the Liberal Democratic Party's (LDP) partnership with Ishin no Kai – appear to be durable, though the LDP's prospects in a general election could be worse than the government's approval ratings would suggest;
- Takaichi is less inclined to rely on trusted advisers than, say, Abe Shinzō, which could produce decisive leadership but could also lead to missteps;
- There are significant questions about just how “responsible” her fiscal expansion will be, but she is determined to pursue major strategic goals with fiscal spending;
- Her successful summit with US President Donald Trump notwithstanding, few assume that the relationship with the US will be frictionless – and many expressed concerns about the relationship with China even before the dispute over Taiwan.

Takaichi's political strength

The mood in Tokyo is that Prime Minister Takaichi Sanae has an opportunity to build a durable government that can possibly regain a parliamentary majority and fend off the threats to the Liberal Democratic Party's (LDP) right.

The LDP's partnership with Ishin no Kai, while still finding its footing, is increasingly institutionalized and despite some early threats from Ishin no Kai that it would leave if the LDP did not honor its commitments in the partnership agreement, the party is unlikely to leave prematurely. Indeed, Takaichi and the LDP likely have leverage over the junior partner both because of Takaichi's high approval ratings and the perception that Ishin no Kai itself would be punished for abruptly withdrawing its support. That said, Ishin no Kai could be a constraint on the prime minister's freedom of action in an important way: Takaichi's popularity notwithstanding, the junior partner may resist her calling a snap election before the partnership has yielded a significant policy win for Ishin no Kai, whether on legislation to reduce the number of Diet seats or adopt Ishin no Kai's "auxiliary capital." The former faces significant resistance not only from opposition parties but also from within the Diet, making it unlikely to pass during the current legislative session; the latter will not be taken up by the Diet before the second half of the spring ordinary session, suggesting that a snap election may not be held before next summer at the earliest. In the meantime, the two parties will bound by shared priorities, particularly in defense policy. That said, it remains possible that Takaichi could be tempted by her approval ratings to call a general election as soon as January, reasoning that she may never be as strong as she is now.

But the LDP itself may not be comforted by the Takaichi government's approval ratings, not least because the LDP's support has remained below its historic norm. In general, LDP lawmakers do not appear certain that the party will regain a majority in a snap election, despite media projections suggesting that it could. The fact is that the LDP's break with Kōmeitō and the continuing relevance of Sanseitō – acknowledged as a durable right-wing challenger to the LDP – introduce considerable uncertainty into forecasts for the next general election. It is too early to know how Kōmeitō's voters will break. The party is being courted by the Constitutional Democratic Party (CDP), but a full-scale alliance is unlikely. The CDP is unable to offer what the LDP once did, i.e. telling some of its voters to back Kōmeitō in proportional representation (PR) voting instead of the LDP (the CDP does not have enough votes in PR voting to spare). Meanwhile, while Takaichi has likely drawn back some conservatives who defected for Sanseitō and the Democratic Party for the People (DPFP), Sanseitō continues to display its organizational strength and its ability to mobilize young voters – including new voters – that suggest its impact in a general election could be significant if it fields a significant number of candidates in single-member constituencies.

Ultimately, there is a feeling that Takaichi's government could prove more durable than former prime minister Ishiba Shigeru's one-year administration. She likely has a higher floor of support than Ishiba, at least in part due to her status as Japan's first female prime minister which has reportedly led even women who disagree with her political views to want her succeed; she has just under three years until the next upper house election and up to three years within which to find the optimal timing for a snap election;

and she herself seems free of the kinds of financial or personal misconduct scandals that felled past prime ministers.

The functioning of the Takaichi government

It is still early in the new government, but there were several conclusions that could be reached about Takaichi's administration.

First, the consensus is that Takaichi, unlike her mentor Abe Shinzō, is less willing to consult with key advisers before making decisions. During the second Abe administration, the prime minister used a small group – including Chief Cabinet Secretary Suga Yoshihide, principal secretary Imai Takaya, and several deputy chief cabinet secretaries and other aides – to debate policies and political strategies before reaching decisions. Takaichi, by contrast, has fewer trusted advisers and is more confident in her command of policy details, and may therefore keep her own counsel. On the one hand, this could make her government more decisive but could also increase the risk of miscalculation that undermines her administration. In this sense, the danger to Takaichi's government is that it ends up more like Abe's first administration – in which he prioritized several ideological goals and was punished at the ballot box – than his second.

Meanwhile, it is apparent that the role of the Ministry of Economy, Trade, and Industry (METI) in the new administration may be even greater than initially perceived, with METI officials sprinkled throughout the prime minister's office and cabinet secretariat. That said, this may stem more from pull factors – Takaichi's emphasis on economic security and industrial policy means that she will depend more on the ministry's expertise – than from push factors.

Finally, it will not be fully apparent until administrative personnel decisions are made next summer, but Takaichi's decision to replace the national security adviser – who had only assumed the role earlier this year – suggests that she will use her control of high-level administrative appointments to ensure political loyalty.

“Sanaenomics”

It became apparent over the course of my trip – and in reporting in more recent days – the extent to which the Takaichi government will [use](#) expansionary fiscal policy to not only deliver short-term stimulus but also to propel its long-term growth strategy. Opinions differed over whether the government will truly be able to adhere to Takaichi's insistence on “responsible” fiscal expansion, however. Some hope that through continuing increases in tax revenues due to inflation and efforts by the LDP and Ishin no Kai to trim social security spending, the Takaichi administration will be able to shift spending towards its priorities without necessarily spurring a significant increase in deficit spending. But there are expectations that Takaichi – and Finance Minister Katayama Satsuki – could encounter friction with Finance Ministry officials, and, while fiscal hawks in the LDP have been momentarily sidelined, they may be increasingly

compelled to challenge the direction of the government's fiscal program. (Asō Tarō, whose influence over the administration's policies is likely less than initially seemed the case, has been given some taste of this pushback in his response to the swelling size of the Takaichi government's supplemental budget.) Meanwhile, while it is assumed that the Takaichi government will seek to push the target for defense spending beyond 2% of GDP when it updates the three national security documents in 2026, there is little sign of a consensus on how to fund higher defense spending; some proponents of higher defense spending may push for corporate tax increases – rolling back some Abe-era tax cuts – to fund larger defense budgets, but there is not a consensus on tax increases.

Meanwhile, the direction of monetary policy remains unclear, even after Bank of Japan (BOJ) Governor Ueda Kazuo met with the prime minister for the first time on Tuesday, 18 November. The impression I gathered in Tokyo is that the bank may be inclined to hike rates but is still anxious about the potential impact of US tariffs on Japanese businesses – which the preliminary Q3 GDP figures will only reinforce – and the possibility that economic headwinds from the tariffs could make employers more reluctant to raise wages in the 2026 negotiations. I also heard some concern about the impact of higher interest rates on small businesses, though it seems unlikely that this would prevent the bank from raising rates if it felt that the data merited a rate hike. Regarding the interaction between the government's fiscal expansion plans and monetary policy, the bank may not see its role as anticipating or preempting the potentially inflationary effects of fiscal policy. In general, I encountered the widespread feeling that an interest rate hike would address several economic and social problems simultaneously, but many wondered if the prime minister recognizes that the degree to which yen weakness complicates her ability to pursue many of her government's priorities.

Finally, I have already [discussed](#) the perception that Takaichi is pursuing Japanese-style “state capitalism,” but over the course of my trip I was repeatedly struck by the degree to which Takaichi is prepared to go beyond her predecessors in pursuing “comprehensive” industrial policies that will use fiscal spending to promote high-priority sectors in addition to regulatory reform and other tools. However, I also repeatedly encountered concerns that her government may struggle to prioritize among the seventeen sectors it identified as important for the drafting of its 2026 growth strategy.

Foreign policy challenges

Arriving in Tokyo a week after Takaichi hosted a visit by US President Donald Trump – and before her remarks in the lower house budget committee triggered a war of words with China – I generally heard confidence in her ability to manage Japan's foreign relations. There was considerable satisfaction with both the optics of the [summit](#) with Trump – particularly the image of the two leaders addressing US military personnel on the USS George Washington – and the substance of the summit, insofar as there were no major surprises from the Trump administration over the course of the summit. In general, I encountered less interest in discussing Japan's relations with the United States than on my previous visit to Tokyo, when it dominated discussions. That said,

despite the summit, I encountered ongoing anxiety about the state of the bilateral relationship with the United States, due to the overall unpredictability of the Trump administration – particularly regarding Trump’s approach to China – and ongoing bilateral issues, including the direction of Japanese defense spending (even if Trump and Secretary of Defense Pete Hegseth expressed satisfaction with Takaichi’s early pledges on defense spending); the host-nation support negotiations that will begin in 2026; and unanswered questions about the investment framework in the US-Japan trade agreement. While I heard few concerns that the US will reimpose tariffs, there is still little clarity into how the process of identifying and selecting projects will proceed. There appears to be a widespread consensus that actual process will not necessarily resemble what is written in the bilateral agreement – no one expects that Japanese public financial institutions will dispense USD 550bn in investments over the next three years – but it is precisely this ambiguity that means Tokyo will continue to feel a certain low-level anxiety about the bilateral relationship.

Meanwhile, it was already apparent early in my trip that many feared that the Takaichi government could struggle to pursue a pragmatic China policy; the past ten days have [shown](#) that China’s distrust of Takaichi, particularly her history with Taiwan, could increase the costs to Japan of failing to be pragmatic. Few people I spoke with thought that she deliberately sought to provoke China by discussing a Taiwan contingency, but in general, I heard broad agreement that political incentives (as well as her ideological commitments) could encourage her to take a more anti-China posture, including not only in opposing China’s military power and assertiveness in East Asia but also in pursuing policies that limit Chinese purchases of real estate and combat influence operations through a counter-espionage law aimed at requiring the registration of foreign agents. The upshot is that not only could domestic political factors make it difficult for the Takaichi administration to compromise in the current dispute with Beijing but could also trigger future disputes with Beijing as it pursues other priorities.

Finally, the implication of the factors mentioned above – fearing the reliability of the United States, anticipating tensions with China, and pursuing economic growth through self-reliance and strategic autonomy – is that the Takaichi government will likely prioritize closer relationships with like-minded partners, particularly in Asia but also in Europe. It will use these relationships not only to strengthen Japan’s supply chains but also to uphold global economic rules in the face of US withdrawal from defending a rules-based international order and China’s opportunistic approach to international institutions.

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