

23 March 2026

## Opposition wins standoff as government orders provisional budget

### Key takeaways

- The Takaichi government will prepare a provisional budget to cover spending at the start of the fiscal year, acknowledging opposition's demands for more debate will prevent passage of the ordinary budget before April.
- Prime Minister Takaichi Sanae will eventually get her budget, but by conceding, she has shown that she still faces some political constraints despite her lower house supermajority.

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Prime Minister Takaichi Sanae returned to Japan from her [summit](#) with US President Donald Trump and immediately had to make an unsurprising but inconvenient concession in her bid to move the FY2026 budget through the Diet by the new fiscal year.

On Monday, 23 March, the Liberal Democratic Party's (LDP) upper house leaders met with Chief Cabinet Secretary Kihara Minoru and urged the government to prepare a provisional budget to cover spending until the new budget takes effect. Takaichi then conceded the point in a meeting Monday evening with the LDP executive, acknowledging that, in the face of resistance from the opposition parties in the upper house, it will have little choice but to draft a provisional budget. The government has effectively acknowledged that it will not be able to pass the budget before the end of the fiscal year on 31 March, amidst opposition demands for at least sixty hours of debate in the House of Councillors.

As argued [previously](#), the practical implications of not passing the budget before 31 March are limited – the lower house already passed the budget and it will take effect by 11 April, with or without an upper house vote – and the provisional budget will likely

provide funding through that date. The Democratic Party for the People (DPFP), while criticizing the government's over-optimistic projection, said that it would support a provisional budget for the sake of the people's welfare, ensuring it should move through the Diet with few complications. But it is a political defeat for the prime minister, who thought that momentum from the general election and her government's numerical strength in the House of Representatives would enable her to disregard [longstanding](#) parliamentary norms and pass the budget with only one month of deliberations.

While the prime minister's lower house supermajority is a source of immense power, her climbdown on the budget highlights the limits of her power as she looks to advance her other policy ambitions.

First, she will face more pressure to listen to senior LDP power brokers, many of whom warned that Takaichi's budget blitz could backfire. In general, the party is still working out the balance of power between a prime minister at the height of her powers and a party whose ranks have expanded thanks to Takaichi's coattails, but which does not necessarily want to give her a blank check. The search for a new equilibrium may be a factor in the gradual reemergence of LDP factions as a means of organizing intra-party competition.

Second, while the House of Councillors cannot ultimately block the government, the ruling coalition's lack of a majority in the upper house will force the government to defer more to opposition parties than its lower house supermajority would suggest. In general, the opposition's numbers in the upper house mean that their demands for more time for debate will be difficult to ignore. For non-budget legislation, it will have to try to secure opposition votes on bills lest the government be forced to govern entirely through the cumbersome process of sending bills back to the lower house to be approved.

Ultimately, this concession is not a catastrophic defeat for the Takaichi government, but it could potentially serve as a warning to the prime minister that despite her electoral victory, there could be costs for disregarding norms and running roughshod over other political actors, including within the LDP itself. That her first attempt to flex her muscles after the election resulted in a setback suggests that the political system is in the early stages of learning how the government will function under the LDP's new majority.

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