

9 March 2026

## Takaichi still formidable but challenges grow at home and abroad

### Key takeaways

- Some of the shine is wearing off Prime Minister Takaichi Sanae's government as the challenges from the Iran war threaten to consume the prime minister's attention and political capital.
- The prime minister may also be encountering some growing resistance domestically, as signs of discomfort with her heavy-handed approach to governing grow.

---

One month after leading the Liberal Democratic Party (LDP) to a landslide general election victory, Prime Minister Takaichi Sanae's extended honeymoon may finally be nearing an end. She still enjoys a mostly free hand domestically, but the combination of external constraints – which [loomed large](#) even before the general election – and the heavy-handed use of her government's majority could be eroding the public's high hopes for her leadership.

The war in the Middle East and closure of the Strait of Hormuz could increasingly overwhelm the political agenda in Tokyo. Domestically, the war is [continuing](#) to darken Japan's economic and financial outlook. The “triple selloff” Monday – of stocks, bonds, and the yen – is indicative of the deepening awareness that a prolonged conflict raises the risks of domestic stagflation as costlier energy (and a weaker yen) squeeze household incomes and corporate profits, while making the government's ambitions to spur an increase in investment costlier and harder to realize if global economic uncertainty complicates corporate planning. To the extent that public expectations that she will make headway in containing inflation have buoyed her approval ratings, additional inflation induced by an energy supply shock could dent her popularity.

Meanwhile, with each day that the war continues, the greater the impact the war will have on Takaichi's summit with US President Donald Trump on 19 March, with some political insiders suggesting that the summit could be "make or break" for her premiership. This assessment is likely premature but is indicative of how challenging the summit could be for Takaichi as she seeks to depict her relationship with Trump as cordial and the US-Japan relationship as robust. The government has denied that it has received any requests from Washington to dispatch armed forces to support efforts to reopen the Strait of Hormuz, but the possibility that the Trump administration could seek some kind of commitment during the summit remains. At the same time, while the Takaichi government's position of deferring judgment on the legality of the US-led attack and calling for diplomacy to calm the situation has polled well (58% approval in a new NHK poll), it is unclear how much support there is for her to make a more definitive statement in support of the US and Israeli actions or for direct Japanese involvement in the Middle East. Takaichi already faced the prospect of US demands for strong commitments on defense spending, Japanese investment in the US as part of the bilateral framework, and host nation support for US forces; she may now face those demands in addition to demands for more positive support for the US in the Middle East.

While Takaichi navigates the challenges of the Iran war, she has complicated her situation through her handling of two domestic challenges. First, her determination to move the FY2026 budget through the Diet before the start of the fiscal year on 1 April – requiring bending parliamentary norms around the budgetary process – could be backfiring. The government is pushing the budget through the budget committee of the House of Representatives at record speed, aiming to have the lower house approve the budget by Friday, 13 March. However, the government's haste has alienated opposition parties, which could make the budget's passage in the upper house before the end of the fiscal year more challenging insofar as it is unclear where the votes for the budget will come from, since the LDP and Ishin no Kai are short of a majority. The aforementioned NHK poll found that while the public is on balance in favor of the prime minister's approach, public support for rushing the budget through is not overwhelming, with 49% in favor and 41% opposed, suggesting doubts even among the government's backers. A poll by the wire service Kyodo News found an even narrower split, with 47.1% in favor of reducing the time allotted for budget deliberations and 46.5% opposed.

At the same time, her major post-election initiative – convening a national conference of ruling and opposition party representatives and experts to deliberate on social security-related policies, including a consumption tax cut on foodstuffs and a refundable tax credit – has run into difficulties on multiple fronts. Opposition parties have been reluctant to sign on, despite Takaichi's hopes that it would be a vehicle for cross-party accord on a controversial question; only the minor Team Mirai party participated in the first meeting of the national conference in February. Although the Democratic Party for the People (DPFP) has since indicated it would join, the Centrist Reform Alliance (CRA) and its associated parties have been hesitant to commit. In the NHK poll, only 12% of respondents favor continuing as in the first meeting, with only minimal opposition

participation; 45% prefer as many parties as possible included, with another 34% thinking that the debate should just be held in the Diet itself instead of in an extra-

### The Takaichi government's support, adjusted for house effects

A ten-day moving average of the Takaichi government's support, correcting for each pollster's biases. The trend lines are the same but some of the big jumps are smoothed out.

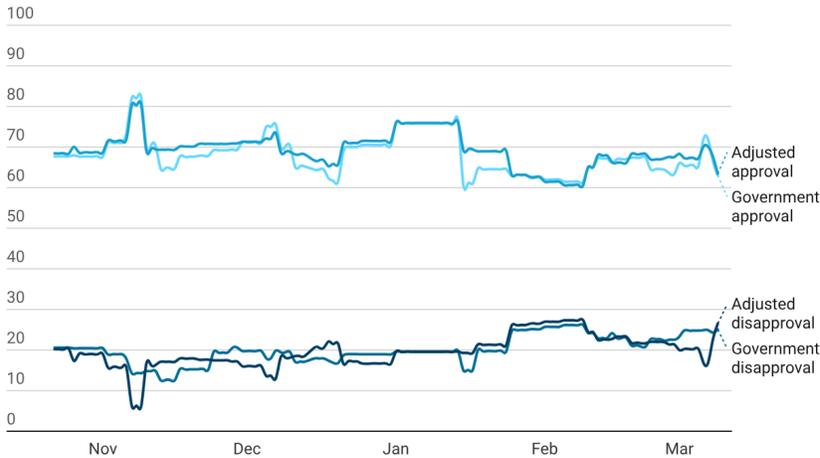


Chart: Tobias Harris for observingjapan.substack.com • Source: Various pollsters • Created with Datawrapper

parliamentary body. Finally, while polls show that cutting the consumption tax on foodstuffs remains popular, Takaichi has faced some opposition to the proposal from unexpected quarters, with members of the LDP's tax commission – which has been packed with Takaichi allies – using a meeting last week on the national conference deliberations to voice their opposition to cutting the consumption tax.

The consistent thread through the challenges Takaichi is facing is that, having emerged from the general election seemingly dominant and facing few meaningful constraints, her position is less dominant than met the eye. There are events and forces beyond her control that can impact her ability to implement her priorities. Meanwhile, parliamentary norms could enable opposition parties to punch above their weight, the LDP could continue to be a source of unexpected pushback to the government (particularly as the party's factions continue to regroup), and even her popularity may be past its peak. Despite taking the unusual step of campaigning personally on behalf of the LDP-backed incumbent governor of Ishikawa prefecture, he still lost to a popular local challenger on Sunday, 8 March. This, combined with new polls showing her support slipping – in NHK's poll she ceded all of the ground she gained after the general election – suggests that while she remains formidable, she does not look nearly as invulnerable as she did in the immediate aftermath of the general election.

---

## Tobias Harris

Founder and Principal  
Japan Foresight LLC  
tobias@japanforesight.com  
+1.847.738.4048

---