

24 July 2026

Diet session ends with Takaichi on defensive

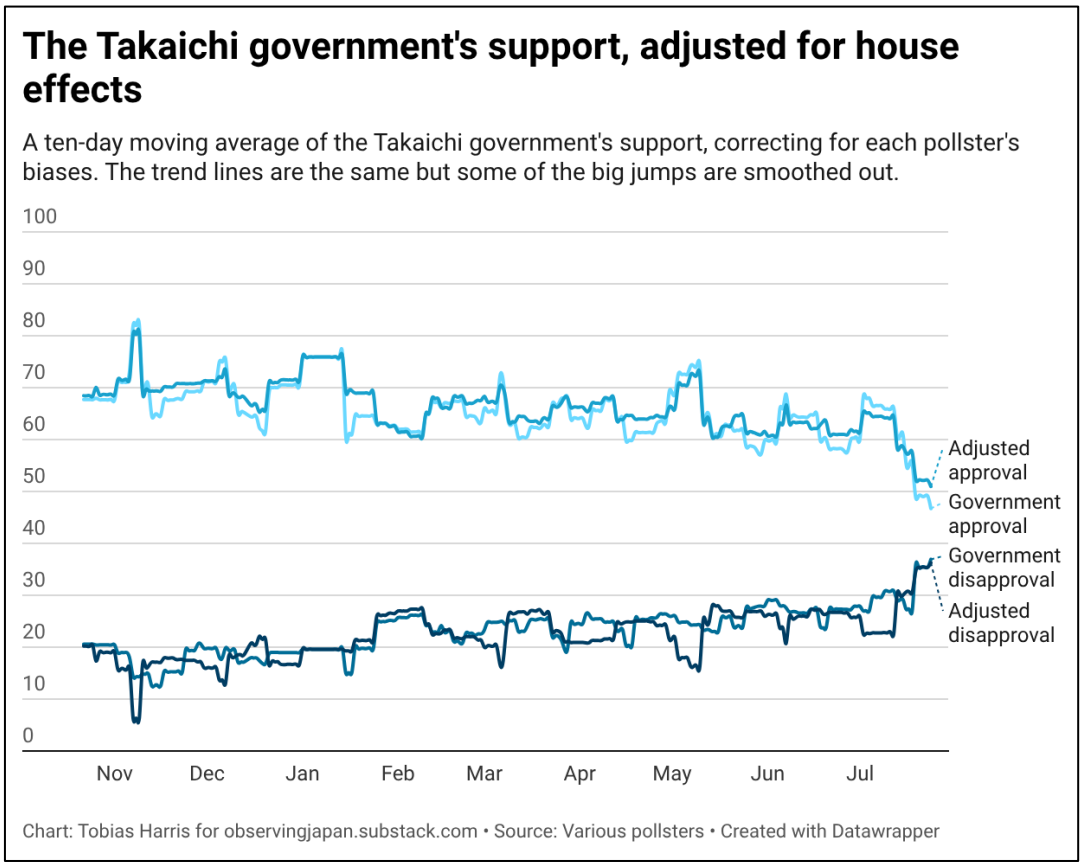
Key takeaways

- The spring Diet session ended with the ruling parties passing a bill establishing a process for designating an auxiliary capital.
- With the end of the session, Prime Minister Takaichi Sanae faces a recess in which she must shore up her declining public support and carry out a cabinet reshuffle that strengthens her position in the LDP, ahead of a second half of the year full of high-stakes decisions about the budget, the consumption tax, and defense spending.

The Diet session effectively concluded its business late on Friday, 24 July with the House of Councillors voting to pass the joint Liberal Democratic Party (LDP)-Ishin no Kai bill ahead of the close of the legislative session on Saturday. The bill passed by a slender 123-121 vote, with opposition party Team Mirai and several independents joining with the government to pass the bill, which will mandates a process by which prefectural and local governments can apply to act as an auxiliary capital and by which the government can develop a plan to redirect government activity and even incentivize the relocation of private company offices to the secondary capital. The government avoided having to extend the session a second time when Ishin accepted some revisions that could affect the timing of the party's planned referendum regarding the merger of the Osaka municipal and prefectural governments. In general, passing the legislation will bolster the relationship between Takaichi and Ishin no Kai, as the former continues to view the latter as an important source of support even as many LDP lawmakers are impatient with the junior coalition partner.

The end of the legislative session will give Prime Minister Takaichi Sanae a brief respite – perhaps literally, as she stirred some controversy with a social media post in which she said that she regularly sleeps less than three hours a night to her professional demands as well as her responsibilities as a caregiver for her debilitated husband – but

her political pressures are unlikely to abate during the parliamentary recess. Indeed, due to the negotiations around the auxiliary capital bill, the budget committee hearing scheduled for Friday will be convened as a recess hearing on Monday, 27 July. Beyond that hearing, the challenges outlined here await. In the coming weeks, she will have to resolve the lingering question of whether and how to proceed with cutting the consumption tax on foodstuffs, particularly since the likelihood of receiving the support of opposition parties has plummeted; arrange a new cabinet and LDP leadership team, which will be instrumental in strengthening her position at the helm of the LDP; and she will have to figure out how to stabilize her approval ratings, which have fallen sharply over the past week, to say nothing of the start of July.



The erosion in public support has if anything gained speed over the past week. In our ten-day moving average of the government's support, the government's net approval has fallen from +32 (60% approve, 28% disapprove) on 1 July to +10 (47% approve, 37% disapprove) as of 24 July. In one recent poll her approval fell below her disapproval for the first time since taking office; in the past four polls only one showed her government's support above 50%, at 53%. There appears to be no single cause for the drop, which may make recovery more challenging, particularly now that the government is grappling with the costs of the resumption of hostilities in the Middle East as well as market reactions to the government's fiscal plans.

In a sense, the remainder of the year could resemble the legislative session just concluded. The government will certain legislation that needs to make it through the Diet – if Takaichi wants to cut the consumption tax effective 1 April 2027, the Diet has to approve a bill to give businesses time to make adjustments – but some of the decisions with the greatest impact on the government will occur in advisory councils and between the government and ruling parties, including the drafting of the 2027 budget along the lines outlined in the *honebuto*; the conclusion of the deliberations of the prime minister's advisory council on the three national security documents and the final drafting of the new policies; and the related discussions between the government and the ruling parties on the target for defense spending over the next five years, starting with the FY2027 budget. These decision-making processes have the potential to generate their own bad press and political headaches for the prime minister, as comments about the need for a debate about nuclear weapons by Defense Minister Koizumi Shinjirō suggest.

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