



A STRONG START FOR TAKAICHI, BUT THE REAL WORK IS ONLY BEGINNING

BY BRAD GLOSSERMAN

Brad Glosserman (brad@pacforum.org) is senior advisor at Pacific Forum.

Last week marked the end of Takaichi Sanae's first year as Japan's prime minister. It has been a good one; she has retained [stratospheric popularity](#) (for a Japanese prime minister), avoided major gaffes and crises, and handled problems that surfaced. The real work begins now, however, as she confronts hard choices that she managed to sidestep during her first year.

Many observers—myself among them—were skeptical when Takaichi won the Liberal Democratic Party (LDP) leadership election last year. Her relative inexperience, her instinctive conservative nationalism, the aggressive positioning of herself as heir to the legacy of her mentor Abe Shinzo, and the scale of the problems that Japan faced all encouraged me to think that her reach had exceeded her grasp. A particularly cynical line of reasoning concluded that she had been awarded the prize to discredit her gender in politics.

I was wrong.

Takaichi had a good run in her first year. She cobbled together a new ruling coalition when Komeito, the LDP's junior partner for 26 years, [opted out](#) because of profound differences in outlook with her. She joined forces with the Japan Innovation Party (JIP), also known as *Nippon Ishin no Kai*, and that partnership has deepened since. After first keeping a distance from government over concerns about inexperience, JIP allowed one member to join the Cabinet — Nakatsuka Hiroshi was named minister for regulatory reform—and five others got senior posts in last month's Cabinet reshuffle.

Their partnership has had successes. [According](#) to JIP head Yoshimura Hirofumi, "We've realized free high school tuition and free school lunches for elementary school students. On national security. ...we've made significant progress in strengthening Japan's security, improving the treatment of Self-Defense Forces, strengthening economic security, enhancing intelligence capabilities and establishing the National Intelligence Bureau."

The government last month pushed through [immigration reform](#)—which could allow the LDP to coopt an issue that had propelled the Sanseito Party into national prominence—and [legislation](#) to reinforce male-only succession in the imperial family. That's a controversial proposition and has bit into her popularity.

One important measure of Takaichi's success is the surprise victory in the "snap" election she called last February. In that ballot, the LDP [won a supermajority](#) in the powerful Lower House, the biggest majority that a Japanese government has claimed in 70 years.

That win restored her popularity to the level enjoyed upon taking office. It has declined since, but remains high by Japanese standards, with recent polls showing support from more than half of respondents.

That's impressive since those polls followed the first major scandal of her administration. Agriculture Minister Yana Kazuo [was accused](#) of cutting funding for roads in municipalities whose leaders did not support him in an election, and of providing free transport for supporters during campaigns. After first denying the charges, Yana stepped down, a blow to Takaichi who had just selected him to join her second Cabinet. Polls show no real drop in support, however.

She gets credit for handling US President Donald Trump. He has been a strong, steady supporter of Takaichi, even calling her "[one of the great prime ministers](#)" when they met in September. This is remarkable given his [bromance](#) with Chinese President Xi Jinping. That relationship [troubles](#) many in Tokyo; they worry that Trump will prioritize deals with China over the alliance. Takaichi has been smart to use the specter of US pressure to push her military modernization agenda, making both the Pentagon and her conservative supporters happy.

The second year may not prove so successful. It certainly won't be easy.

Relations with China will deteriorate as Beijing continues its campaign to isolate Tokyo in response to [Takaichi's comment](#) last year in the Diet that a crisis in Taiwan would constitute a "survival-threatening situation" for Japan, allowing it to invoke its right of collective self-defense and help the US (and ostensibly Taiwan) respond. Here, the handling of Trump is critical, and the readiness of the US president to accept [the Chinese narrative](#) after their September summit in Washington that the two countries were allies during World War II—implying that they should continue to

cooperate today, at Japan's expense—reinforced nervousness in Tokyo.

Persistent weakness of the yen could be another source of friction. Not only will it continue to distort trade with the US, a perennial concern of the president, but it could complicate the \$550 billion [investment pledge](#) that Japan made in 2025. Reportedly the deal is insulated from exchange rate swings but it complicates an already complicated investment deal.

The biggest policy issue is the tightening squeeze on Japanese finances. Its national debt is among the highest of developed nations and it will get worse. The [FY 2026 budget](#) reached 122 trillion yen (\$783 billion) and debt servicing will exceed 30 trillion yen for the first time.

Yet, to alleviate the pain of steadily rising prices, Takaichi wants to lower the food consumption tax from 8% to 1% for two years, while raising defense spending to 2% of GDP (and it may yet climb to 3.5% in response to US pressure), investing in key strategic industrial sectors, and boosting social security spending for seniors and childcare for young families.

The single most difficult decision—how to pay for all that—was put off in her first year. That grace period is over. Hard choices are necessary.

Compounding the difficulties are decision-making dynamics. While the JIP backs the consumption tax cut, it is opposed by deficit hawks in Takaichi's own party. It isn't clear how much strain the ruling coalition can take, especially if the ties that bind the two parties are not broad.

Meanwhile, Takaichi remains a controversial figure in the party, her February election win notwithstanding. Some party members are [uncomfortable](#) with the tie-up with the JIP. LDP moderates have been put off by her strident conservatism, and her governing style has not helped. She is not a traditional pol who canvasses the party leadership and works to get them on board. She has a small circle of advisers and rarely ventures beyond them.

During recent visits to Japan, I made my mea culpa to friends, explaining how I had underestimated the PM. In each case, they said that I was being too generous. They uniformly criticized her for being unable to delegate decisions or take advice. As a result, she is working long hours; hard, not smart.

They said she lacked the nuance, experience, and smarts of Abe, who Takaichi calls her role model. The gaffe about Taiwan was a case in point. While they acknowledged that her comment was correct, they added that she shouldn't have been explicit. Strategic ambiguity was the smart approach.

The irony of course is that she has been ambiguous when it comes to fiscal policy. The time and space for that, however, are running out. Takaichi's real challenges begin now.

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