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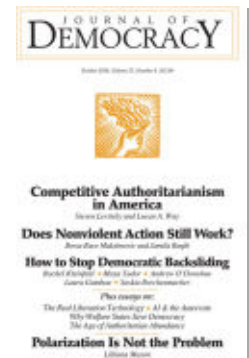
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TAIWAN'S DEADLOCKED DEMOCRACY

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On 20 May 2024, Lai Ching-te was inaugurated as the eighth president of the Republic of China (ROC), ushering in Taiwan's first period of divided government in sixteen years. In elections held in January of that year, Lai had won an unprecedented third consecutive term for the Democratic Progressive Party (DPP). But Lai entered office in a much weaker position than his predecessor: He secured the presidency with only 40 percent of the vote in a three-way race, and the party lost its grip on Taiwan's unicameral parliament, the Legislative Yuan (LY). For the first time since the star-crossed presidency of Chen Shui-bian ended in 2008, a Taiwanese leader has been forced to govern without a legislative majority.

From that inauspicious start, things have not gone well. Within days, the opposition Kuomintang (KMT) and the Taiwan People's Party (TPP) teamed up to pass an executive oversight bill, giving themselves new powers to investigate the Lai administration. The DPP vehemently opposed these measures, arguing they were an unconstitutional power grab, and DPP-aligned civil society groups organized weeks of street protests outside the parliament in an action known as the Bluebird Movement.¹

The Lai administration immediately appealed to the Constitutional Court, which imposed an injunction and eventually struck down most of the new legislation as unconstitutional. The opposition parties then retaliated by raising the court's quorum requirement for hearing new cases, from one-half to two-thirds of all members, and then rejecting all of President Lai's new judicial nominees. That effectively paralyzed the fifteen-member court by leaving it with only eight justices.

Once again, civil society groups mobilized, this time by gathering

signatures to target opposition legislators in recall elections. Angered by what they saw as irresponsible overreach by the KMT-TPP majority, and quietly backed by the DPP, activists managed to qualify recall votes against 31 of the 36 KMT legislators elected from single-member districts. This, too, was unprecedented political hardball, and it raised the possibility that the legislature could flip back to DPP control just over a year into its term. The Great Recall Movement, as the activists dubbed the effort, consumed much of the political oxygen in the spring and summer of 2025, with the DPP standing behind the campaign and the KMT mobilizing to defend its imperiled legislators. Yet when the elections were finally held in July and August, every recall vote failed—a sweeping defeat for activists, the DPP, and President Lai that surprised even KMT leaders.

The recall results did little to lower the political temperature as the two sides continued to battle through the fall. In September 2025, the Lai administration introduced a US\$40 billion special defense budget proposal to pay for arms purchases from the United States and to bolster domestic arms manufacturing. The opposition parties criticized both the size and duration of the proposed budget, and the fight to win approval dragged on for months as U.S. observers watched with increasing concern and frustration. A scaled-down version finally passed in May 2026, but only after the LY majority cut all funds for domestic drone manufacturing.

The opposition also targeted the formula for revenue-sharing between central and local governments. Building on a change forced through in 2024, the LY further increased the share of tax revenues going to local governments—largely controlled by KMT mayors—and reduced the share for the DPP-run central government. That threatened to blow a huge hole in the Lai administration's budget and starve it of future revenue.

In response, the DPP government turned the tables again. The premier, who is appointed by the president, flatly refused to countersign the legislation. He asserted that the revenue allocation changes were unconstitutional because they would force the government to exceed its annual borrowing cap. This weaponization of a previously obscure administrative step is the latest in a growing list of constitutionally dubious actions by both sides. Nevertheless, it has also been an effective one: Without a functioning Constitutional Court, the opposition parties have no way to compel the executive branch to promulgate laws it opposes.

Put all this together, and Taiwan appears caught in a slow-motion constitutional crisis. By refusing to sign legislation, the premier is in effect exercising an absolute veto that is almost certainly unconstitutional. The Constitutional Court cannot break this impasse because of the actions of the opposition parties, and street protests and mass recall elections have also failed to end the crisis. Yet rather than seek a cross-party

grand bargain, Taiwan's political class has already turned its attention to local elections and referendums to be held in November 2026. The twists and turns in this story would be comical were the consequences not so threatening to Taiwan's democratic order—the country is now stuck in a political stalemate that is likely to persist until the 2028 presidential election.

What Is Causing Taiwan's Political Dysfunction?

The last two years of political dysfunction mark a dismaying turn for a democracy that has consistently ranked among the best in the world. It is also puzzling.

Over the past thirty years, Taiwan's democracy has deepened and the island has thrived, despite partisan polarization over its relationship with the People's Republic of China (PRC), relentless pressure from Beijing, and almost complete diplomatic isolation—only twelve countries today maintain formal relations with Taiwan's government. Taiwan is now a well-established industrial powerhouse and increasingly central to the global economy, thanks to its leading semiconductor industry and its crucial role in AI chip production. Its economy is forecast to grow by more than 10 percent in 2026—more than double the PRC's official projected growth rate—and early this year, Taiwan surpassed mainland China to become the third-largest trading partner of the United States, behind only Canada and Mexico.² Taiwan's per capita GDP is now larger than Japan's and South Korea's, and its social safety net remains generous. The ability of the political system to deliver benefits to the public and foster broad-based economic growth, while not perfect, compares favorably with most democracies.

So what is the cause of Taiwan's current dysfunction? Neither economic grievances nor inadequate state capacity are likely causes of the political deadlock. Nor is it caused by the kind of charismatic populist leaders who have contributed to democratic backsliding in countries as varied as Hungary and Poland, the Czech Republic and Slovakia, Ecuador and Bolivia, Brazil and Mexico, the Philippines, and India. The party system remains highly institutionalized around the KMT and DPP, which both have durable, hierarchical party organizations, and which compete almost everywhere against one another. Voter partisanship is high and electoral volatility low. The latest of many attempts to disrupt this KMT-DPP duopoly, led by former Taipei mayor Ko Wen-je and his TPP, failed to displace either of these in the 2024 elections, and there are no other obvious third-party alternatives on the horizon.

Deepening the puzzle, the social conditions that have fueled populist backlash and the rise of extremist, antisystem parties in other democracies are not particularly salient in Taiwan. Immigration and fear of demographic change have not featured much in political debates, and

when they do, these concerns primarily emerge in relation to the China question, manifested in disputes over stricter scrutiny of mainland Chinese-born immigrants. Likewise, high rates of violent crime and inadequate state capacity—factors central to the emergence of illiberal

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leaders such as Rodrigo Duterte in the Philippines, Jair Bolsonaro in Brazil, and Nayib Bukele in El Salvador—are absent in Taiwan.

Observers who know Taiwan well tend to blame its political dysfunction on the deep partisan divide between KMT and DPP supporters—but they disagree on the root causes of this polarization. Aram Hur and Andrew Yeo, for instance, note clear parallels between politics in South Korea and Taiwan, highlighting episodes in each of “executive overreach, retribution cycles be-

tween parties, and suppression of civil society.” They argue that both countries have bumped up against “democratic ceilings” imposed by “nationalist polarization”—that is, competition based on mutually exclusive visions of the nation and the belief that the opposing camp is fundamentally illegitimate and antidemocratic. In their view, “illiberal partisan competition” has become entrenched in Taiwan as in South Korea, hampering the development of democratic norms and incentivizing both sides to play institutional hardball.³ Christopher Carothers has recently argued along similar lines, but places greater emphasis on PRC influence, which he asserts is distorting democratic practices and exacerbating polarization.⁴ In a different vein, Raymond Kuo contends that the KMT's and TPP's “institutionally weak” party organizations have made them “unable to perform many of the representative, policy, and accountability functions” that responsible opposition parties provide in healthy democracies.⁵

These are reasonable arguments, but they ignore a more basic explanation: Taiwan's institutions are simply not well designed to handle divided government. Although the country's constitutional framework was originally ambiguous about whether the government was ultimately accountable to the legislature or to the president, several rounds of constitutional reforms have created today's fundamentally presidential regime. The parliamentary and presidential branches enjoy both separate origin and separate survival: They are elected from different constituencies and cannot unilaterally dissolve each other, and the premier is appointed and dismissed by the president without parliamentary involvement.

Taiwan's accountability institutions, however, are inadequate to handle the adversarial situation created by a divided government. Democracy in presidential regimes follows a Madisonian logic: To best ensure a self-restraining government, "ambition must be made to counteract ambition." When different branches of government have separate electoral mandates, interbranch conflict becomes an intrinsic feature of the political system.⁶ A well-designed separation-of-powers regime manages this inherent tension by protecting neutral arbiters—the judiciary, prosecutors, ombudsmen, state regulators, and above all the constitutional court—who can limit partisan conflict and keep it from spinning out of control.⁷

The fragility of these independent institutions is the greatest weakness of Taiwan's democracy today. This problem has been masked by unified government, which has softened executive-legislative tensions and facilitated the policymaking process without requiring the intervention of other branches. Ironically for Madisonians, Taiwan avoided significant democratic backsliding under long periods of both KMT (2008–16) and DPP (2016–24) single-party rule, and it climbed steadily in the democracy-index rankings, receiving broad recognition as a high-quality liberal democracy.⁸

However, that progress was made under unified government. Only once before in Taiwan's democratic history, during the Chen Shui-bian presidency (2000–2008), have the executive and legislative branches been controlled by different parties. The political legacy of the Chen era is mixed.⁹ Like the current period, it was marked by fierce partisan clashes over the rules of the democratic game. Yet it was also a time of significant institutional innovation. Despite their deep mutual antagonism, the DPP and KMT together enacted sweeping reforms to the political system in those years. Many of these new institutional arrangements took effect only at the end of the Chen era and are now being tested under divided government for the first time. It is a test they are failing.

Adapting the ROC Constitution to a Democratic Taiwan

Taiwan's constitution was first adopted in 1947 when the ROC still ruled over mainland China. It was written for a continent-sized country and incorporated several unusual and innovative features. These include five branches of government (*yuan*) rather than three: In addition to the Executive, Legislative, and Judicial Yuans, the ROC also has a Control Yuan, which is a kind of ombudsman office with powers to investigate and sanction public officials, and an Examination Yuan, which manages civil-service recruitment and promotion. The executive leadership is divided between the president, who is the titular head of state, and the premier, who as head of government appoints the cabinet and oversees day-to-day governance.

In the original constitution, the president was indirectly elected and had only modest powers: He was the commander-in-chief of the armed forces, and he appointed the premier subject to confirmation by the LY.

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But the president could not unilaterally remove the premier—that required approval from two-thirds of the legislature—and he was required to have the premier countersign his executive orders and could not veto legislation. Likewise, the president nominated the members of the Judicial and Examination Yuan, but they had to be confirmed by the Control Yuan, whose members were chosen by provincial governments. A separately elected body, the National Assembly, chose the president and approved constitutional amendments.

In practice, this system never functioned as intended. By the time it came into effect, the ROC regime was losing ground to the Communists in the Chinese Civil War. Barely a year later, in May 1948, President Chiang Kai-shek pushed through the Temporary Provisions—acts suspending large parts of the constitution and giving him extraordinary powers to curtail civil liberties and rule by executive fiat. In May 1949, martial law was imposed in Taiwan as the ROC government prepared to retreat there for a final stand against the Communists. It would not be lifted for 38 years.

When Taiwan finally transitioned to democracy in the 1990s, this constitutional framework had to be adapted for a regime that effectively only rules over Taiwan and a handful of outlying islands. Given Taiwan's contested international status and the domestic debate over its relationship to mainland China, drafting a completely new constitution was not feasible. Instead, the existing framework was revised through several rounds of constitutional amendments. The first, in 1991, established the direct election of all members of the LY and National Assembly from Taiwanese constituencies. In 1992, the Control Yuan was drastically weakened when its confirmation powers were transferred to the Assembly and the indirect election of its members was replaced by presidential appointment with LY confirmation. In 1994, the presidential term was reduced from six to four years and direct presidential elections were introduced, ensuring that the president would have an independent popular mandate. This election is now held under a simple plurality rule without a runoff or minimum threshold requirement, a de-

sign that has twice (in 2000 and 2024) allowed the winning presidential candidate to take office without having won a majority.

In 1997, additional amendments shifted the regime further toward presidentialism. The president's power to unilaterally appoint and remove the premier was made explicit, and the legislative confirmation requirement was dropped. As compensation, the legislature gained the power to force out the premier via a no-confidence vote. But if it does, the president can then dissolve the legislature and call new elections—meaning that if the LY majority employs this weapon under divided government, it risks early elections that could end its hold on power. Since elections are expensive and reelection is uncertain for most sitting legislators, this has created a powerful deterrent against pursuing a no-confidence vote. Thus, in practice, the premier remains accountable only to the president and has never been removed by the legislature, even when opposition parties have had the majority.

During the presidency of Chen Shui-bian, more institutional changes followed. In 2000, the DPP and KMT struck a cross-party consensus to transfer most of the National Assembly's remaining powers to the LY, including the power to confirm presidential nominees to the other branches. They also sought to make Taiwan's regulatory bodies more professional and politically neutral. Reformers looked especially to the United States—as the most prominent two-party presidential regime in the world—to identify ways to insulate regulatory bodies from partisan influence.¹⁰ Eventually, three “independent agencies” (*duli jiguan*) were created: the National Communications Commission (NCC), which regulates broadcast media; the Central Election Commission (CEC), which oversees all elections; and the Fair Trade Commission (FTC), which regulates trade and competition policy and approves mergers and acquisitions. All three copy the American structure: an odd number of members who make decisions by simple majority vote, nominated by the executive branch for staggered terms, and subject to confirmation by the legislature.

Second, in 2005, the legislature's electoral system was changed from a single nontransferable vote to a mixed-member majoritarian system. Under the new system, first implemented in 2008, about 60 percent of seats are elected from single-member districts using the plurality rule; one-third are chosen from closed-list proportional representation determined through a separate ballot; and the remaining seats are reserved for indigenous representatives elected from two separate indigenous-only constituencies. At the same time, the LY was reduced from 225 legislators to 113, and its term lengthened from three to four years to match the presidential term. Since 2012, presidential and legislative elections have been held on the same day.

Third, in 2005, the National Assembly changed the process for passing new constitutional amendments and then voted itself out of exis-

tence. New amendments must first win approval of three-quarters of the LY, and then affirmation from at least 50 percent of all eligible voters in a national referendum. Since this procedural change, the only amendment proposal to proceed to a national referendum—a relatively modest change to lower the voting age from 20 to 18, which passed the LY unanimously—failed in 2022 due to insufficient turnout.

The effects of these changes have been mixed. In practice, the regime is now fully presidential: The premier is effectively an agent of the president, and the LY has no direct influence over the composition of the cabinet. The political system is also more majoritarian. The changes to the LY elections have increased the likelihood that a single party controls the legislature, made party caucuses more cohesive, and lowered (although clearly not eliminated) the chances of divided government.¹¹

The biggest change, however, has been to the LY's stature: It has become politically preeminent. At the beginning of the transition to democracy, the national parliament included three representative bodies: the National Assembly, the LY, and the Control Yuan. The reforms of the 1990s and 2000s successively eliminated the electoral mandate for each, leaving the LY as the sole parliamentary chamber and making legislators Taiwan's only elected national representatives. The legislature has also accrued additional powers. Beyond its exclusive authority to pass new laws and approve the government budget, it now has the right to approve presidential nominations to the Control, Judicial, and Examination Yuans, to remove the premier via a vote of no confidence, and to initiate constitutional amendments.

Nevertheless, the LY's political rise has not come with a commensurate increase in professional capacity. In most areas, the Executive Yuan (EY) still has vastly more policy expertise and personnel, and it enjoys privileged access to information that it does not have to share with the LY. Legislator staff sizes remain modest, and expertise outside the executive branch rests primarily within each party's headquarters and in think tanks and academia, not within the legislature. Moreover, most legislators have no electoral incentives to develop expertise in specific policy areas. The LY's committees are relatively weak, and their co-chairs (conveners) are elected anew each session and rotate weekly between the majority and minority parties. The executive branch has the exclusive right to draft the annual budget, and while the LY can cut or freeze items during its review, it cannot add or move items around. These asymmetries put the LY at a serious disadvantage in the policy-making process, despite its separate democratic mandate.

For the past sixteen years, this imbalance in capacity has gone unaddressed. Under both KMT and DPP rule, the LY majority has deferred to its co-partisans in the Executive Yuan in most policy areas, with a few high-profile confrontations (such as the review of the Cross-Strait Services Trade Agreement with Beijing in 2013) standing out as exceptions

to the rule. Thus, when the opposition parties gained control of the LY in 2024, it was no surprise that they moved aggressively to impose their policy preferences on a recalcitrant executive branch.

Taiwan's Institutional Pathologies

It was not inevitable that divided government would produce political gridlock. The 2024 election results did not deliver a clear win to either side: Lai's victory allowed the ruling DPP to retain control of the executive, but it lost seats in the LY, dropping from 61 to 51. The KMT increased its seats from 38 to 52 (plus two aligned independents), but it too fell short of a majority. Moreover, its narrow plurality rested on close wins in marginal constituencies and significant electoral malapportionment: Across all districts, KMT candidates won only 40 percent of the vote to the DPP's 45 percent.

For the first time in Taiwan's history, the crucial swing seats were captured by the TPP, a centrist party not clearly in either political camp. No one knew what the TPP would do with its newfound power. Its founder and chairman, the former Taipei mayor and presidential candidate Ko Wen-je, had made few concrete promises during the election campaign, and his attempt to form a joint presidential ticket with the KMT had collapsed in spectacular fashion two months before the elections. Although the TPP had gained tremendous leverage in the new legislature, its policy priorities and political strategy were unclear: Would it seek to form a coalition with one of the two big parties, or swing between the two parties issue by issue?

The impact of the three-way partisan divide became clearer when the new legislature was seated on 1 February 2024. The first order of business was to elect a speaker and deputy speaker. Curiously, the TPP decided not to support either of the major party nominees, instead voting for TPP member Huang Shan-shan in the first round and abstaining in the second. That allowed the KMT to capture both positions. The TPP legislators did not obtain any obvious payoffs from the KMT for abstaining, thus missing an opportunity to exploit their pivotal position. Nor did they strike a deal with the DPP, which under President-elect Lai never signaled serious interest in negotiating, despite the party's obvious need for more votes in the LY.¹²

Thus the possibility of cross-party cooperation that might have smoothed over interbranch tensions was fumbled at the beginning of the Lai era. The TPP has consistently been junior partner to the KMT in confronting the DPP government, and the legislative majority has acted aggressively to expand its institutional prerogatives in the face of executive resistance. This interbranch conflict has been especially contentious in three areas: oversight and investigations, appointments, and budgets.

1) Oversight and investigations. Under the original ROC constitution, the LY did not have the power to investigate executive agencies for malfeasance. That role was reserved for the Control Yuan. In practice, prosecutors under the Ministry of Justice in the executive branch have taken the lead in criminal investigations of executive branch personnel, while the Control Yuan has investigated and censured officials for dereliction of duty. Legislators from both major parties have long sought to establish a separate investigative power for the LY, and in 2004, the constitutional court ruled that the LY in principle enjoyed the authority to conduct its own investigations.¹³ However, as long as the president's party held a legislative majority, enabling legislation was not adopted.

After the 2024 elections, partisan and institutional incentives finally came into alignment. A week after Lai Ching-te's inauguration, the KMT-TPP coalition passed a package of amendments that permitted the president to deliver an annual state of the nation speech to the LY and take questions from legislators; forbade civil servants from arguing with legislators during interpellation sessions; criminalized and increased penalties for perjury or contempt of the LY by government officials; and—most controversially—established the LY's power to compel testimony from government officials, nongovernmental organizations, businesses, and private citizens.

These changes were modest, and if drafted carefully, would probably have survived constitutional scrutiny. However, the opposition made two strategic mistakes. First, they eschewed cross-party negotiations, preferring quick, unilateral passage of the bill. By cutting the DPP party caucus out of negotiations, the opposition gave the EY no option but to react strongly against the legislation, creating a conflict that overshadowed the fact that the bill was intended to enable an authority that all parties agreed the legislature already enjoyed. Second, the legislation was over-ambitious: It combined reasonable statutory changes with dubious and clearly unconstitutional ones in a single package. Thus the Constitutional Court, which was already sympathetic to the DPP, had plenty of excuses to rule against most of the legislative oversight powers.

Political tensions over these powers rose further in August 2024 when TPP chairman Ko was detained by prosecutors in a corruption case dating from his time as mayor of Taipei. That action supercharged the opposition parties' criticism of the DPP government. In increasingly strident language, they claimed that Ko's arrest was politically motivated and accused President Lai of personally ordering the legal persecution of his opponents. These assertions do not stand up to close scrutiny: Since the Chen era, Taiwan's local prosecutors have operated with significant autonomy from political appointees,¹⁴ and Ko was one of several elected officials across the political spectrum (including prominent DPP members) detained on suspicion of corruption at about the same time. However, the LY's lack of oversight over prosecutors'

offices, combined with the long period of DPP control of the Ministry of Justice, has made it harder to counter the opposition's allegations that these cases were politically motivated.

2) *Appointments to independent institutions.* The events of the past two years have made it abundantly clear that Taiwan's Judicial Yuan is insufficiently protected from partisan retaliation for its rulings. The most important judicial body, the Constitutional Court, has a total of fifteen members serving staggered eight-year terms, with no immediate reappointment. The obvious political problem with that design is that Taiwan's presidential and legislative elections now run on a four-year cycle, so a president who serves two terms will eventually get to appoint every member of the court, as occurred in both the Ma Ying-jeou and Tsai Ing-wen presidencies. Thus, even if the justices are truly impartial, it is hard to dispel the appearance of favoritism toward the ruling party when it benefits from a decision. In fact, that was the rationale given by the KMT and TPP for incapacitating the court.

The Constitutional Court is not the only independent institution that has become a casualty of partisan warfare. The opposition has also tried to control or paralyze most other neutral bodies, including the Control Yuan and Examination Yuan and the three independent commissions—the NCC, CEC, and FTC. The NCC has been a bugbear of the KMT since 2020 when it refused to renew the broadcast license of the KMT-friendly television station CtiTV, thus forcing it off the air (although it still streams on YouTube). Once the KMT and TPP took control of the LY, they voted down the premier's new NCC nominees and eliminated a loophole that allowed commissioners to prolong their terms if their successor had not been confirmed. Since then, the NCC has been short of its required quorum, and on 31 July 2026, the last three members' terms expired without the LY acting on their replacements, leaving the commission completely vacant.

A similar institutional trainwreck has unfolded at the Control Yuan. In a holdover from its original structure, all 29 of its members serve concurrent six-year terms, which all ended on July 31 this year. In June, the Lai administration had nominated a full slate of candidates to renew the body, but again without seeking preapproval from the opposition parties. That has led to a delay in the review of the nominees by the LY and will likely end in another defeat for the DPP, leaving the Control Yuan vacant indefinitely, too.

Fortunately, the two sides have found a way to avoid a similar stalemate over the CEC, which plays an essential role in supporting democracy as Taiwan's election-management body. In this case, unique among all the nomination battles, the DPP government first negotiated with the opposition parties and agreed to submit a joint list of candidates to fill empty slots: a chair, deputy, and two members chosen by the DPP, as well as two

recommended by the KMT and one by the TPP. The opposition ultimately confirmed the chair and their own nominees, but rejected the deputy and the two DPP nominees, filling four of the seven vacancies on the eleven-member commission. That was enough to allow the CEC to continue to function through the November 2026 elections. However, the terms of four other members expire in November 2027, which means the parties will have to go through yet another nomination battle in the midst of the campaign for the general elections set for January 2028.

To date, appointments to the FTC and Examination Yuan have been less contentious, in part because they are less politically salient and in part because the TPP has demonstrated some independence on these votes: In January 2025, it broke with the KMT to support two of the four FTC commissioner nominees and six of the seven nominees for the Examination Yuan.

The confirmation process for all these bodies suffers from a critical design flaw: There is no fail-safe if the president and legislature cannot agree. The president can choose nominees without first consulting with the LY, and the LY faces no deadline to act on the nominations. When an officeholder's term expires, the seat goes unfilled until a replacement is confirmed. And if no one is confirmed, membership eventually falls below the quorum required to issue binding decisions, or worse, there are no members left at all.

3) Budgets and revenue allocations. Under Taiwan's constitutional framework, the Executive Yuan dominates the annual budget process. It enjoys sweeping agenda-setting power, including the exclusive right to draft the annual budget bill before it is sent to the legislature for review and approval, while the Legislative Yuan can cut or freeze budget items but cannot add or reallocate spending. Because of these restrictions, the legislature is limited to a purely reactive role. In practice, legislators across the political spectrum have found creative ways to exercise influence over government ministries, not only by cutting or freezing budget items but also by grilling officials in public hearings; but they have not managed to wriggle out of this budgetary straitjacket to add significant new spending.

Since 2024, however, the opposition parties have pushed aggressively against these constitutional constraints in several ways. First, the LY has tried to force the EY to spend more on specific projects through the annual budget bill by mandating spending through new legislation. For example, in June 2024, the opposition doubled the compensation payments due to indigenous landholders affected by a logging ban and then demanded that the EY appropriate additional funds for this purpose. After a prolonged struggle over the size and pace of the payouts, the EY acceded to a cross-party consensus in November 2024 and used a supplemental budget to add the full amount to the budget bill.

Second, the opposition has attempted to force the executive to draft

new special budgets outside of the annual budget process. For most of Taiwan's history, these special budgets, which only the EY can propose, have been large, rare, and generally used for major capital projects requiring dedicated multiyear outlays. Nevertheless, in July 2025, the LY passed a KMT-authored bill mandating that the central government give every citizen a cash disbursement of about \$300, in a transparent attempt to shore up the election chances of legislators facing DPP-backed recall votes. The premier objected to this bill on constitutional grounds, arguing once again that the LY was intruding on the executive branch's exclusive right to propose budgets. But after the recalls were defeated, and with the Constitutional Court still paralyzed, the EY decided not to fight the legislation and eventually submitted a special budget to the LY to make the disbursement.

Third, the opposition has manipulated tax-revenue allocation formulas to direct more funding to the largely KMT-run local governments. In December 2024, the LY shifted about \$12 billion in additional revenue from the central to local governments and, in December 2025, amended this legislation further to prevent the central government from reducing its subsidies to compensate for these revenue cuts. This was the bill that the premier, in an unprecedented step, then refused to countersign, claiming it would force the central government to exceed the debt cap.

Finally, the opposition parties have made use of the LY's time-tested power to freeze budgets and cut spending to obstruct the executive branch. The Lai administration's first annual budget, for FY2025, was not adopted until March 2025, and then only after the opposition had slashed many of the EY's funding requests. More than 6 percent of the budget was cut and another 4 percent frozen until executive departments met certain targets or responded to demands made by the LY. The FY2026 budget bill was delayed even longer, finally passing in August 2026 with cuts of 1.4 percent. The saving grace preventing a serious budget crisis is that, unlike in the United States, the fallback in these battles is the prior year's budget: Government departments will continue to be funded at the same level rather than furloughed.

Can Taiwan Make Divided Government Work?

Taiwan today is caught in a slow-moving constitutional crisis. But it is an odd crisis, one that does not fit the common patterns of democratic backsliding around the world today: There is no would-be autocrat engaging in a power grab and no extremist antisystem party pushing radical policy shifts. Nor can the current political stalemate be characterized as "illiberal": Partisan maneuvering has not descended into systematic attempts by either camp to arrest rivals, repress civil society, censor media or academia, or manipulate elections. The PRC's influence, while worrisome, has been a persistent background threat in Taiwan and so

cannot explain the dramatic political shifts that have occurred since January 2024. Yet putting the blame entirely on the KMT and TPP ignores how similar their incentives, demands, and actions are to those of the DPP when it was in opposition.

The primary culprits in the current stalemate are divided government and weak accountability institutions. After several rounds of constitutional reform, Taiwan is now a strong presidential regime with only two institutions that really matter: the presidency and the legislature. Both are directly elected, giving both valid claim to a democratic mandate. When the same party has controlled both branches, partisan incentives have softened the inherent tensions in this design, and Taiwan's policymaking process has functioned reasonably well without the need for other institutions to intervene. But with control now divided, interbranch conflict has emerged with a vengeance. Many of Taiwan's policymaking processes have ground to a halt, and in seeking to limit the fallout from this partisan conflict, its accountability institutions have themselves become prime targets.

The only definitive resolution to this stalemate will be an electoral one. Taiwanese voters will vote again in 2028, and chances are good that whichever party wins the presidency will also once again win a majority in the legislature. Until then, Taiwan will have to muddle through. The opposition parties have no incentive to use a vote of no confidence—the one remaining institutional tool available to break the deadlock—to bring down the premier because that would trigger early elections. And neither side has incentive to compromise over appointments to most of the accountability institutions: For both President Lai and the opposition, a body that is paralyzed is preferable to one that is filled with their opponents' nominees. Nor is there political appetite for grand reforms that would provide greater independence for Taiwan's accountability institutions in the long run—especially now that the hurdle to passing constitutional amendments has been raised.

Nevertheless, there are some positive signs that when the parties perceive fundamental threats to the democratic order, they are still able to thrash out a compromise. The nominations to the CEC are an encouraging, if limited, precedent. The special defense budget did eventually pass the LY, and despite regular headlines about partisan confrontations, the LY has quietly passed a lot of legislation with cross-party consensus—well over half of all approved bills in 2025, including consequential changes to the Telecommunications Act, inheritance laws, the social safety net, and renewable-energy regulations. It is also some consolation that Taiwan has been here before: A similar stalemate prevailed for much of Chen's second term, and democracy ultimately survived.

Yet today, Taiwan faces much more dangerous geopolitical circumstances than it did in the 2000s. The PRC is far more powerful, U.S. backing less certain, and Taiwan's defense and security challenges

much more serious. Taiwan will need to find ways to increase defense budgets, reform military training, and strengthen civil resilience despite its deep partisan divides. In that sense, making Taiwan's institutions work better under divided government is no longer just about good governance. It is also increasingly a matter of national survival.

NOTES

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4. Christopher Carothers, "The Danger of Democratic Backsliding in East Asia," *Journal of Democracy* 37 (July 2026): 180–95.

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7. See especially Erika Moreno, Brian Crisp, and Matthew Shugart, "The Accountability Deficit in Latin America," in *Democratic Accountability in Latin America*, ed. Scott Mainwaring and Christopher Welna (Oxford: Oxford University Press, 2003): 101–31; for comparison, see Rebecca Bill Chavez, *The Rule of Law in Nascent Democracies: Judicial Politics in Argentina* (Stanford: Stanford University Press, 2004).

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14. Weitseng Chen and Jimmy Chia-Shin Hsu, "Horizontal Accountability and the Rule of Law," in *Taiwan's Democracy Challenged*, 145–72.