



## **Taiwan's political economy: the state of play**

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**Presented by Ross Darrell Feingold to the  
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## Known Knowns, Known Unknowns, Unknown Unknowns

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**“Reports that say that something hasn't happened are always interesting to me, because as we know, there are known knowns; there are things we know we know. We also know there are known unknowns; that is to say we know there are some things we do not know. But there are also unknown unknowns – the ones we don't know we don't know. And if one looks throughout the history of our country and other free countries, it is the latter category that tend to be the difficult ones.”**

## What are the Known Knowns?

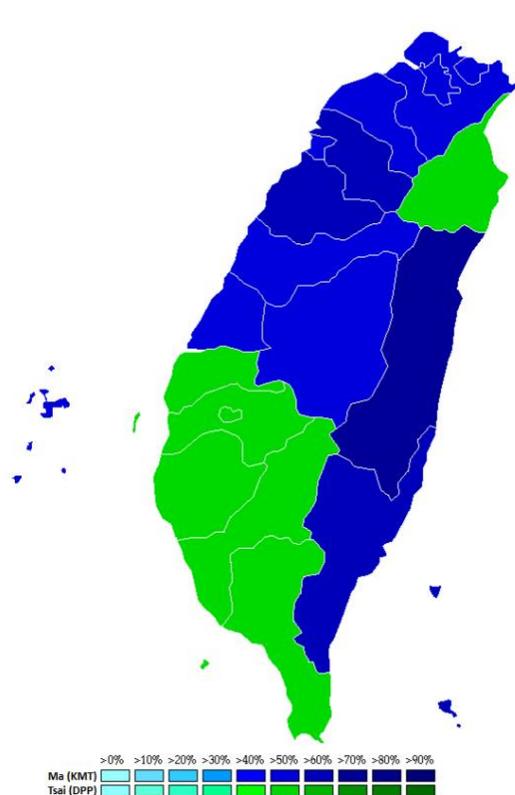
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- **Tsai Ying-wen led the Democratic Progressive Party in the successful November 2014 local elections**
- **Tsai will be the DPP presidential candidate**
- **Other popular DPP personalities declined to challenge Tsai for the nomination**
  - Su Tseng-chang
  - William Lai
  - Chen Chu
- **Tsai's current control of the party apparatus is firm**
  - Appearance of inevitability
  - Financial support
  - Get Out The Vote on election day
- **Tsai will visit the US in June 2015**
- **KMT has yet to select a candidate**

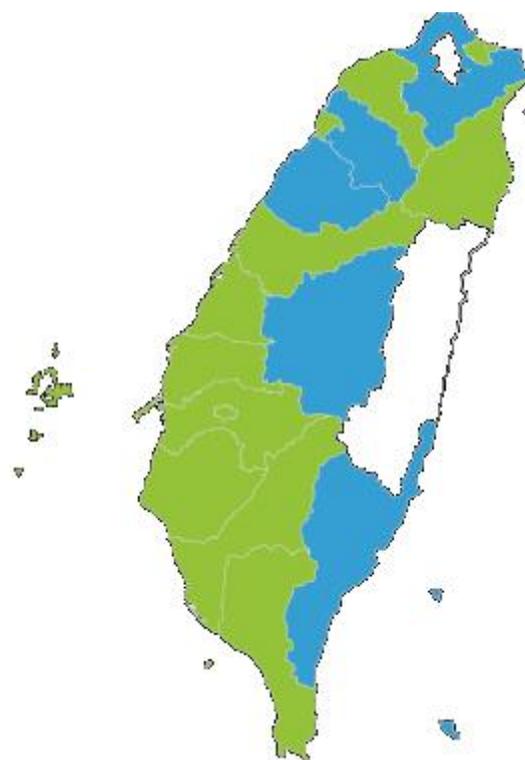
# What are the Known Knowns?

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- Successful local elections for DPP and independents



2012 Presidential Election



2014 Local Elections

# What are the DPP's Known Unknowns?

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- **Tsai has yet to select her running mate**
  - Weak running mate performance in 2012
  - Usual suspects: Su Tseng-chang, William Lai, Chen Chu
- **Mainland policy**
  - Services agreement, trade in goods agreement, tourists, flights
  - Name issues for bilateral agreements, multilateral organizations
  - Asian Infrastructure Investment Bank
- **Economic policy**
  - Tax
  - Labor laws
  - Trade agreements (TPP, RCEP)
- **Deregulation & unilateral initiatives**
- **Education policy**
- **Constitutional reform**

# What are the KMT's Known Unknowns?

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- **Yet to select a presidential candidate**
  - Usual suspects: Eric Chu, Wu Den-yih, Hau Lung-pin, Wang Jin-pyng
  - Others: Hung Hsiu-chu, Yaung Chih-liang
  - Ma Ying-jeou's role: Positive or negative
- **Mainland policy**
  - Commitment to services agreement, trade in goods agreement
  - Willingness to seek additional agreements
  - Wants to join Asian Infrastructure Investment Bank
- **Economic policy**
  - Tax
  - Labor laws
  - Trade agreements (TPP, RCEP)
- **Deregulation & unilateral initiatives**
- **Education policy**
- **Constitutional reform**

# What are the Unknown Unknowns?

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- **Stakeholder reactions to candidates, election process, and result**
- **United States**
  - Comments by US officials in 2012 about Tsai
  - DPP, KMT bring their friends to Taiwan
- **Regional stakeholders**
  - Northeast Asia: Japan and Korea
  - Asean post Lee Kuan-yew
- **Local corporates**
  - Policy concerns
  - Financial support
  - Fool me once, shame on you; fool me twice, shame on me
- **Multinational corporates who do business in Taiwan**
- **Foreign institutional investors**
- **Other presidential candidates**
- **Legislative Yuan election**

# China Views

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- **China reaction to Sunflower Movement, Taiwan local elections**
- **Chu-Xi meeting outcomes**
  - Word games
  - Wait-and-see
  - Public opinion in Taiwan
  - Special offers (Asian Infrastructure Investment Bank, trade)
- **Xi's busy agenda**
  - Domestic issues (political infighting, corruption, economy)
  - Regional & global issues (trade, sovereignty disputes, leadership)

# Key Political Figures

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**Ma Ying-jeou**



**Tsai Ying-wen**



**Eric Chu**



**Wang Jin-pyng**



**Civil Society Leaders**



**KMT Candidate**

## Things to Watch

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- **Newly elected mayors and county magistrates:**
  - Do battles against corporates continue
  - Other economic growth initiatives
- **Executive Yuan and Legislative Yuan performance in 2H2015**
  - Key performance indicators, if any
  - Other economic growth initiatives
- **Will civil society groups be a substantive force in 2015**
- **Energy and water policy**
- **External economic factors**
- **Polls**
- **China issues**