



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

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**Presented by Ross Darrell Feingold to the  
Taiwan Business Leaders Forum**

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## Known Knowns, Known Unknowns, Unknown Unknowns

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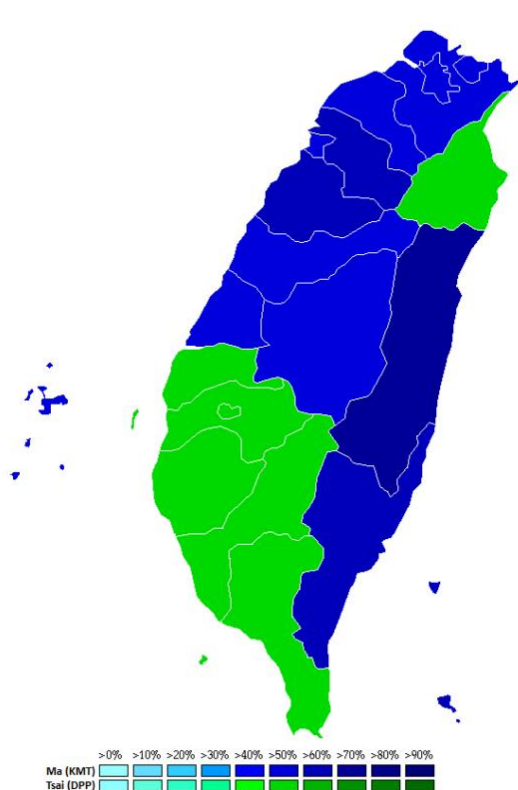


**“Reports that say that something hasn't happened are always interesting to me, because as we know, there are known knowns; there are things we know we know. We also know there are known unknowns; that is to say we know there are some things we do not know. But there are also unknown unknowns – the 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.”**

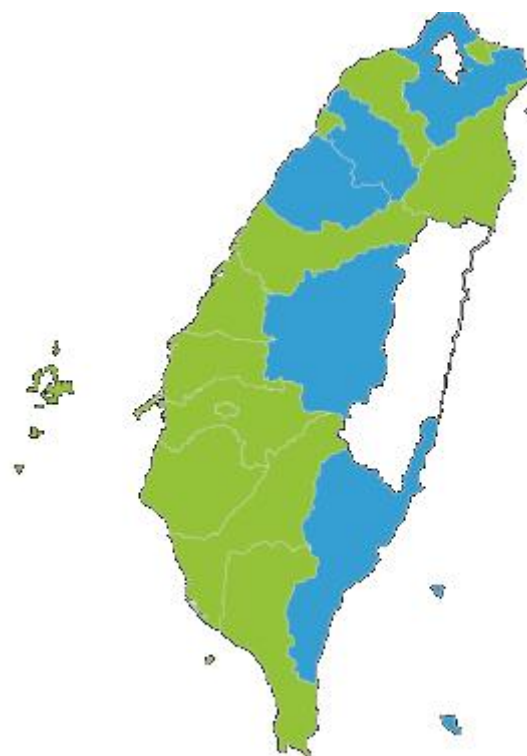
# What are the Known Knowns?

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- Successful local elections for DPP and independents



2012 Presidential Election



2014 Local Elections

## What are the Known Knowns?

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- **Tsai Ing-wen continues to lead in public opinion polls**
- **Tsai's current control of the party apparatus is firm**
  - More effort to Legislative Yuan election
  - Can delay VP selection
- **Tsai's visit to the US in June 2015 was largely a non-event**
- **Public anger at politicians' performance**
- **KMT will select its candidate at its party convention on July 19**
- **Legislative Yuan election victory is crucial to both parties**
  - Third party candidates might have an impact
  - Speaker Wang will play some kind of role in upcoming events

# What are the DPP's Known Unknowns?

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## ■ Tsai has yet to select her running mate & team

- Weak running mate performance in 2012
- Usual suspects: Su Tseng-chang, William Lai, Chen Chu
- New suspects: Perng Fai-nan

## ■ Mainland policy

- Services agreement, trade in goods agreement, tourists, flights, name issues, AIIB
- Visa free entry for Taiwan travelers to mainland
- Remarks in US differed from remarks in Taiwan

## ■ Economic policy

- Tax, Labor laws, Trade agreements (TPP, RCEP)
- Focus on disadvantaged, but to what advantage
- Deregulation & unilateral initiatives

## ■ Education policy

- Curriculum other than history

## ■ Constitutional reforms

- Parliamentary system

# What are the KMT's Known Unknowns?

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- Hung has yet to state policy positions
- Hung has yet to select her running mate
- Candidate – party headquarters relations
- Mainland policy
  - Party headquarters & legislators remain committed to services, goods agreements
  - One China, Too Many Interpretations
- Economic policy
  - Tax
  - Labor laws
  - Trade agreements (TPP, RCEP)
- Deregulation & unilateral initiatives
- Education policy
- Constitutional reforms
  - Party HQ has spoken favorably for a parliamentary system

# What are the Unknown Unknowns?

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- **Reliability of polls**
- **Candidate scandals**
- **United States**
  - Level of interest remains to be seen
- **Regional stakeholders**
  - Level of interest remains to be seen
  - Lee Teng-hui Japan trip July 21 to July 26
- **Local corporates**
  - Tsai is meeting business leaders, but policy concerns unresolved
- **Multinational corporates who do business in Taiwan**
- **Foreign institutional investors**
- **Other presidential candidates**
- **Legislative Yuan election**

# China Views

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- **China responses to Taiwan election still unknown**
- **Chu-Xi meeting outcomes largely forgotten**
  - Word games, wait-and-see, public opinion in Taiwan
  - Special offers (Asian Infrastructure Investment Bank, trade), visa free
- **Little reaction to Hung controversy**
- **Xi's busy agenda**
  - Domestic issues (political infighting, corruption, economy)
  - Regional & global issues (trade, sovereignty disputes, leadership)



## James Soong Chu-yu

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**“You don't have Nixon to kick around any more, because, gentlemen, this is my last press conference.”**

**-November 7, 1962 after losing California gubernatorial election**



**“I accept the result with good cheer. I hereby announce that I am quitting Taiwan's political scene.”**

**-9 December 2006 after losing Taipei mayoral election**

# James Soong Chu-yu



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# James Soong Chu-yu

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- **Retains some personal popularity**
- **Has only won one election, in 1994**
- **Lost presidential election in 2000, 2004**
- **Lost Taipei mayor election in 2006**
  - 4.14% versus Hau Lung-pin and Frank Hsieh
- **Lost presidential election in 2012**
  - 2.77% versus Ma Ying-jeou and Tsai Ing-wen
- **Policy positions are unknown**
  - Mainland policy: Any difference from Hung?
  - Domestic policies
- **Commitment**
  - Energy level
  - Age
- **Scandals**
  - Chung Hsing Bills, overseas property

# Key Political Figures

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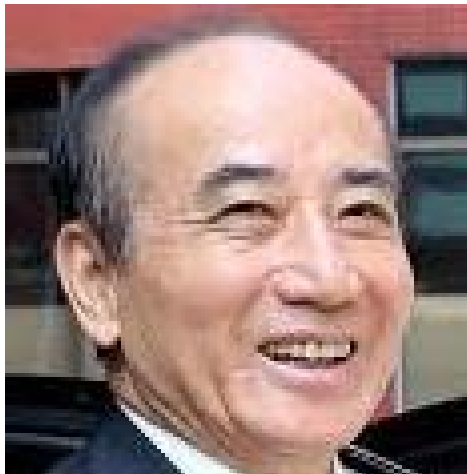
**Ma Ying-jeou**



**Tsai Ing-wen**



**Eric Chu**



**Wang Jin-pyng**



**Civil Society Leaders**



**Hung Hsiu-chu**

## Things to Watch

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- **Newly elected mayors and county magistrates:**
  - Do battles against corporates continue
  - Other economic growth initiatives
  - Disaster management
  - Local finances
- **Executive Yuan and Legislative Yuan performance in 2H2015**
  - Key performance indicators
  - Other economic growth initiatives
- **Will civil society groups be a substantive force in 2H15**
- **Energy and water policy**
- **External economic factors**
  - Falling exports
  - Trade agreements, AIIB proceed without Taiwan
  - Multinational business exits
- **China issues**