

# 2012 Elections in Taiwan: Lessons from the Past, and Policy Issues for the New Administration



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# Highlights of Election Results



- The turnout rate is 74.38%, the lowest of presidential elections in Taiwan since 1996.
- The Ma's vote share drops from 58% to 51.6%, whereas Tsai's vote share increases from 41% to 45.6% between 2008 and 2012.
- Strategic voting works against Soong, whose vote share shrinks from expected 5% to 2.77%.
- The vote share of Taiwan Solidarity Union (TSU) is 8.96%, which exceeds expectation.

# Highlights of Election Results



- Political landscape remains divided as “north blue, and south green.”
- Since the 2010 five metropolitan elections, the gap of vote shares between KMT and DPP is not narrowing in New Taipei City and Taipei City, nor is it widening in Tainan City and Kaoshung City. In fact, the reverse is the case, which explain why DPP’s plan to win fails.

# Highlights of Election Results



- The KMT still holds the majority in the Legislative Yuan (LY) with a total of 64 seats, whereas DPP gains from 27 seats in 2008 to 40 seats in 2012.
- The performance of PFP in LY districts is miserable, gaining one seat and 1.33% of vote share. This suggests that in the future the third parties will be less viable in single member district. They may be compensated by the largest two parties with a pack or tacit understanding among voters to spare votes in national party list district (as TSU does).

# Interpretations of Election Results



- One quick point on the turnout. It is generally agreed that the 2012 presidential election is vested with negative campaigns, which leave no room for policy debates. For example, Ma accuses Tsai on Yu-Chang Genetech case and Chen Shui-Bian's scandals, whereas Tsai accuses Ma met local gangster to fix election and his improper acceptance of illegal donation from big corporations.

# Interpretations of Election Results



- Such negative campaigns tend to depress turnout. This may explain why turnout rate is lowest one, even though the election is considered to be very close, which should promote turnout.
- Moreover, negative campaigns are more likely to depress turnout of young voters, first time voters, and those who do not have strong party id. Given that the number of KMT supporters is larger than that of DPP, selectively depressing turnout would work for KMT.

# Interpretations of Election Results



- Popular interpretation of the 2012 presidential election regards it as a referendum of the 1992 consensus. For example, United Daily Editorial: “The victory of economic voters and the endorsement of 92 consensus.”
- There are good reasons to resist such interpretation. Presidential election is always won and lost by many factors, including party strength, candidate quality, campaign dynamic, and policy stances, etc.

# Interpretations of Election Results



- Voters vote for Ma and Tsai for various reasons. The perception of “1992 consensus” may be only one of them. But polls after polls show that more than 60% Taiwanese people do not know what is “1992 consensus.”
- The debate over it simply confuse voters’ perception on it. Most people take it as a cue for the “stability” across the Taiwan Strait, and some refuse to hear the debate and decide not to vote at all.



# Interpretations of Election Results



- Therefore, it would be more accurate to say that Ma's win is an endorsement of cross-strait stability, whereas Tsai fails to convince people that she can. But here Beijing serves as veto player in a sense that whatever Tsai propose needs Beijing's approval.
- If you still insist that Ma's win is an endorsement of the 1992 consensus, one can argue that such endorsement is in decline since 2008, given that 1.4 million less of Taiwanese vote for Ma in 2012.

# Interpretations of Election Results



- Despite in the campaign, DPP tries to dodge the issue of 1992 consensus, adopt a moderate concept of “Taiwan consensus,” and declare “Taiwan is ROC,” still TSU, which campaigns against ECFA, against Ma, and against 1992 consensus, manage to win almost 9% of votes. Such votes for party list carry a clearer message of policy preference, which will be duly noted by Beijing.

# Interpretations of Election Results



- If the so called “peace bonus” as a result of 1992 consensus continues **not** to trickle down to average Taiwanese people, then it would not be surprise that “1992 consensus” be rejected in Taiwanese elections. In other words, among Taiwanese people, the term “1992 consensus” serves only with “instrumental value,” which is tied up with the promise of stability and delivery of economic benefits.

# Interpretations of Election Results



Can the 2012 election be explained by economic voting? To some extent, it can. Unlike electoral behavior in western democracies, where we usually find it to be sociotropic and retrospective voting, the Taiwanese voters seem to embrace pocket-book and prospective voting in 2012. Even though people does not feel that national economy is in good shape, and Ma's performance is not up to their expectation, people still vote for continuity and a more certain future against change and uncertain future of Tsai's government.

# Interpretations of Election Results



- Tsai campaigns on Ma's incompetence and his records of economic inequality, hoping that distaste of Ma would win her the presidency. However, during the period of great uncertainty in economic downturn, people may feel that she does not provide convincing policies that would eliminate uncertain future. If the above analysis is correct, then Tsai could well be defeated simply by the uncertain nature of any challenger.

# Interpretations of Election Results



- Given that in the 2012 election, Taiwanese voters are prospective and pocket-book oriented, it would not be surprising that money pull the strings.
- Massive amount of KMT party asset vs. three piggy bags small-amount donations.
- Beijing influences successfully penetrate into KMT's local party machines, as well as persuade CEOs of big corporations in TW to endorse Ma publicly.

# Policy Issues for New Administration



- On economic, social, agriculture, environmental regional policies, there are a lot of similarities between Ma's and Tsai's campaign pledges, which should be sorted out as Ma's policy priorities.
- For example, FTAs with trade partners, fairer taxation systems, affordable housing, income inequality, structural reforms, SMEs assistance, promote green technology, industrial innovations, regional balance, food security mechanism. In fact, a trial of DPP's policy proposals does not necessarily show the weakness of KMT. Rather, it would enhance cross-party cooperation.

# Policy Issues for New Administration



- New administration should promote more liberalized regime for business within Taiwan. That is, to eliminate all red taps regulating multinational corporations to do business and foreign expatriates to stay in Taiwan. Unilateral de-regulation is one way to encourage FDI.
- Ma administration may need to speed up the negotiation over FTAs with major trade partners. It should declare the willingness to engage TPP negotiation immediately, rather than waiting for ten year to join.



# Policy Issues for New Administration



- One way to show Taiwan's determination to negotiate TPP is to follow Japan's example by showing the intention to resolve beef disputes with the US. The TIFA talks between US and Taiwan can also include the content of TPP format currently under negotiations among P9.
- “Free Economy Demonstration Zone (FEDZ)” is a good start to promote regional liberalization in Taiwan, but it should not be used as a substitute for Taiwan's global strategy. Trade diversification remains a priority.

# Policy Issues for New Administration



- Ma should waste no time to implement structural reform by promoting balance between manufacture and service sectors. For example, promote high value-added traditional industry, strengthen R&D, enhance IPR protection, and most importantly create a tougher regime to punish illegal technology transfer from Taiwan to elsewhere.
- Ma need to reconcile his promise to raise the basic level of wages and shorten weekly working hours with his promise to encourage private investments and FDIs.

# Policy Issues for New Administration



- During the period of economic downturns, Ma promise to establish a much better social safety net for poor people and those unemployed. At the same time, he also pledges to improve income inequality by reforming taxation system. But the above policies are also likely to increase taxes and spending, which could potentially increase national debts and tax burden. If Ma is sincere to deliver these promises, he should work closely with the DPP and other opposition parties.

# Policy Issues for New Administration



- In short, Ma's policies should be domestically driven and solved, though some of solutions may require external helps. But Ma could wrongly consider domestic (esp. economic) problems can only be solved by its external policies. If that is the case, then China, as usual, could be considered as the savior of Taiwan economy by Ma. Cross-strait economic gains may well be Ma's top concerns. This concern would inevitably force Ma make concession to China in other policy areas (e.g. social-cultural framework agreement). This topic will be discussed in the next panel.

# Policy Issues for New Administration



- On policies that KMT and DPP diverges, perhaps Ma should consult the opposition first before implementing it. After all, DPP still retain 46% of vote share, even though KMT has the majority in the LY and the presidency. KMT can push its own policies singlehandedly, but the social cost would be very high.
- For example, it is about time to consolidate and refine the cross-strait policies, rather than venturing into new policy territories. Energy policy regarding nuclear powers should be more transparently debates in Taiwan.

# Policy Issues for New Administration



- For the DPP, it needs to develop a set of coherent policy platform, which would mitigate Taiwanese voters' anxiety of uncertain future.
- It needs to focus on LY and play as an effective opposition party. With 40 MPs in the LY, DPP party caucus can initiate its own acts, as well as scrutiny and monitor legislations in a constructive way.
- DPP should ensure KMT policies are properly debated in the civil society and hold KMT responsible for any abuse of human rights.



**Thank you!**