

Nine-in-one Elections Forecast and Taiwan's Future Political Landscape

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The ruling Kuomintang is likely to suffer a major setback in the upcoming nine-in-one elections for several reasons: Approval ratings for the government of President Ma Ying-jeou remain low, hovering around 10-20 percent. Several candidates for the ruling Kuomintang (KMT) face particular problems such as Taipei Mayoral candidate Sean Lien, who is perceived as an undeserving scion of a wealthy and powerful political clan, and incumbent Taichung Mayor Jason Hu, who seeks reelection after 13 years in office. On top of that, the recent string of food scandals has dealt the KMT election campaign a severe blow. A major KMT defeat in the local elections would also affect Taiwan's political landscape and the KMT power structure in particular.

The KMT currently rules 15 of Taiwan's 22 municipalities, including four special municipalities. However, based on transactions on XFuture, the largest Chinese-language prediction markets exchange, the KMT is likely to lose two special municipalities in the upcoming elections, namely Taipei City and Taichung City, as well as two second-tier municipalities (Keelung City and Penghu County). Should this come true, the KMT would remain in power in only eleven municipalities, including the largest special municipality New Taipei City. The share of the KMT-ruled population island-wide would drop from 67.5 percent to 42.7 percent. If pan-blue Hualien County, where the DPP has refrained from nominating a candidate, were counted in, 44.1 percent of Taiwan's population would be

under KMT rule.

The DPP presently rules six municipalities including the two special municipalities Tainan City and Kaohsiung City. Based on XFuture trades, the DPP is very likely to win Taichung City and at least two second tier municipalities (Keelung City and Penghu County), which will boost the total number of DPP-ruled municipalities from six to nine. Not to forget that DPP-backed independent candidate Ko Wen-je stands a good chance of winning the mayoral race in Taipei City. With nine municipalities in its fold, the DPP would rule 44.4 percent of the island's population, up from 30.8 percent now. If pan-green Taipei City were counted in, 55.9 percent of the population would live in DPP-ruled municipalities.

Since the election situation is highly volatile, forecasts are quite difficult. The current predictions are only the most likely scenario. Should the election outcome truly be as predicted on XFuture as of Nov. 9, the consequences would be dramatic for the KMT. President Ma Ying-jeou would probably be challenged in a palace coup and forced to resign as KMT chairman to take responsibility for the election debacle. Very likely New Taipei City Magistrate Eric Chu would emerge as the new leader and run in the 2016 presidential election as the KMT's savior. The DPP, for its part, would be able to consolidate its power and DPP Chairwoman Tsai Ing-wen would be nominated as the party's presidential candidate.

The KMT's probability of losing both Taipei City and New Taipei City stands at 65 percent, based on trading prices on the XFuture exchange as of Nov. 9. Should the KMT lose these two special municipalities, the likelihood of Ma resigning as party chairman stands at 63 percent. Although the president has the right to serve concurrently as party chairman under the KMT party charter, a landslide defeat in the nine-in-one elections would create political pressure within the KMT that would be hard to deflect. For fear of being dragged down by Ma, party heavyweights would probably force the president to step down as party chairman.

As of Nov. 9, XFuture trades predicted with a probability of 42 percent that Chu will lead his DPP challenger Yu Hsi-kun with a gap of more than 350,000 votes in New Taipei City. Should Chu win the mayoral race with such a vast margin his supporters in New Taipei City and many frustrated KMT members will very likely urge Chu to run for president in 2016 as soon as he declares victory. The probability of Chu becoming the next KMT presidential candidate therefore stands at 71 percent. Chu stands a good chance of emerging as the KMT's new savior should he win in a landslide in New Taipei City while the other KMT candidates lose in Taichung and Taipei.

XFuture trades see Chu win the KMT presidential nomination in 2016 with a 55 percent probability, followed by Vice President Wu Den-yih with 35 percent. Tsai will be nominated as DPP presidential candidate with a probability of 84 percent, followed by former DPP Chairman Su Tseng-chang with 13 percent and Tainan City Mayor Lai Ching-te with 8.4 percent. Still, a positive outcome for the DPP in the nine-in-one

elections will not necessarily translate into an absolute advantage for the opposition party in the 2016 presidential election. The probability of the DPP returning to power in 2016 stands at only 55 percent, which shows there are still plenty of imponderables including cross-strait relations. **BT**

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