一．The Fair Trade Commission (FTC) recently ruled that, although Chinese Petrochemical Corp (CPC) and Formosa Petrochemical Corp (FPC) could be considered as monopolies in petroleum industry, there is no substantial evidence indicating that the two companies have actively colluded on fixing fuel prices for two main reasons. First, CPC must adjust its prices in line with government policy. In other words, CPC’s petroleum price is regulated by the Ministry of Economic Affairs. Second, the annual reports of both companies show that the profit margin of gas is below zero. In spite of that, some lawmakers said the ruling is ridiculous because “these two companies have been selling their products at the same price and adjust pricing almost always at the same time”. Please comment on the FTC’s decision. (50%)

二．According to the latest projection by Economic Planning and Development (CEPD), Taiwan faces an accelerated aging population and declining fertility. In more than four years, the elderly population will outnumber the juvenile population. In response to the aging society, the Ministry of Health and Welfare has proposed the Long-term Care Insurance (LTCI), estimated to cost NT 100 billion, or roughly 20 percent of the National Health Insurance expenditure. Under the current fee scheme, LTCI fees will be collected mainly from the salary or working population. In addition, as Taiwan becomes more and more aged, the fees are likely to increase substantially. While some researchers favor LTCI because even the current middle-aged population could benefit when they get old, others argue that this argument fails to take into account of the rapid change of age composition in Taiwan in the future. As a future tax payer, please comment on the LTCI insurance. (50%)