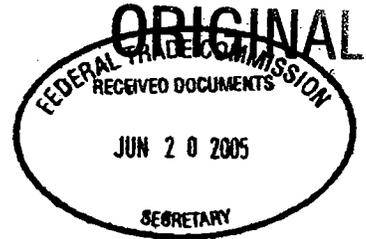


June 12, 2005

To: FTC

Subject: Chevron Unocal merger



Since when does reducing competition cause an oligopoly to lower prices?

That absurd assertion only could be made by an Administration that has been bought and paid for by the oil industry, and whose single-minded dedication is to stuff the pockets of the rich at the expense of a broad public that is powerless to defend itself. With equal credibility, you could have claimed that Unocal possessed WMD or links to Al Qiada.

Patent royalty payments are a zero sum game within the oil oligopoly. Therefore, eliminating them will not create cost savings to be passed on to the public in lower prices.

For the merged Chevron-Unocal entity it is even worse. While the royalty from Chevron to Unocal will be eliminated in consolidation, Unocal will have lost the income from royalties collected from other competitors. So—if all other things are equal—the merged entity will have lower profitability than before.

Chevron are neither idiots nor a charitable enterprise. Why, then, would they acquire a company that will dilute their profitability? The obvious, simple answer of course is that all other things will not be equal—e.g., there will be less competition. And thus their merged profitability will rise, not decrease, from consumer prices that in fact will be higher than they otherwise would have been, not lower.

The beauty of your little cabal, of course, is that on the face of it no one can prove whether prices really went up or down as a result of this merger (since prices are affected by many factors), so you can claim a victory that seemingly cannot be disputed. But if I am right, oligopoly profitability will rise, because of higher prices engendered by less competition—which, in case you haven't heard it before, is a widely held economic truth.

The FTC's duty is to prevent unfair competition that creates economic harm to the public. Approving yet another contraction in an already over-concentrated oligopoly is a blatant dereliction of that duty.

Sincerely,

Stephen T Johnson

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