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February 19, 1975

SUBJECT:

SIMON SAYS AN ALLOCATION
PROGRAM WOULD COST 400,000 JOBS

Secretary Simon said yesterday that an allocation program could cost up to 400,000 jobs.

How does Secretary Simon arrive at 400,000 jobs lost because of an allocation program?

GUIDANCE: When last years embargo was in effect, the cost to the United States was about 500,000 jobs. With an allocation system or quota system, we are not talking about as deep a cut, but it would be similar to a self-imposed embargo and would produce the same kind of effect. At the height of the embargo in December and January, we were importing 1.8 million barrels per day less, while in November, February and March, it was quite a bit lower than this. Therefore, the average cutback of imported oil was somewhat less than 1.8 million barrels per day, and resulted in a job loss of around 500,000 jobs. It is quite safe to say that an embargo of a million barrels per day could result in close to 400,000 jobs lost.

JGC