ECONOMY HAS A CHEMICAL REACTION - Times-Picayune, The (New Orleans, LA) - February 17, 1991 - page A18
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"I'm a clerk at Wal-Mart," the caller told the host of a Baton Rouge radio talk show, "and I think you ought to shut every chemical plant down."

"Do you think if they did that, it would have an impact on your job?" the talk-show host asked.

"Not in the least," the caller replied.

Ed Schmitt, general manager of the sprawling Georgia Gulf chemical complex just south of Plaquemine, laughed as he recounted the radio discussion.

It illustrates the lack of public understanding of the economic role of the petrochemical industry in Louisiana, he said.

"If Exxon left Baton Rouge - just Exxon - they could start over there at my house on the Amite River and start bulldozing west, right to the Mississippi River, and there would be nothing left," Schmitt said.

Indeed, said Louisiana State University economist Loren Scott, the chemical industry's impact on the state's economy is dramatic:

The chemical industry is the largest single manufacturing employer in the state, with 29,200 employees in 1990. And 87 percent of that total are employed either in the chemical corridor between Baton Rouge and New Orleans, or in Lake Charles.

Chemical workers are the highest paid manufacturing employees in the state, according to 1990 figures. They average $742 a week, which is 43 percent - or $224 - higher than the average manufacturing wage in the state.

For every new chemical industry job, eight jobs are created elsewhere. This phenomenon, known as a multiplier effect, occurs because chemical plants need many services that other companies must provide. For example, a plant typically buys fuel and lubricants for its equipment, employs contractors to build new units or maintain existing equipment, and hires trucking companies to transport its product.

Louisiana ranks third among states in producing chemicals. Louisiana's chemical firms accounted for 6.6 percent, or $15.3 billion, of the total value of chemical shipments in the United States in 1987, outranked only by New Jersey, with $20.3 billion or 8.8 percent, and Texas, with $34.7 billion or 15.1 percent.

The chemical industry - largely through taxes paid by its employees - is responsible for more than $250 million in state and local taxes.

The industry represents 41.2 percent of all value added to products in the state's manufacturing facilities. The value added to a product is the difference between the cost of raw materials entering a plant and the cost of the product that leaves the plant.

But many of the final products containing Louisiana chemicals aren't manufactured in Louisiana, and that points to a major economic drawback of the chemical industry, Scott and others said.

Because of the emphasis on bulk products, the state's chemical industry is susceptible to the changing value of the dollar overseas and fluctuations in the cost of raw materials, especially crude oil and natural gas.

"We see now that Louisiana's wealth and prosperity is dependent upon what a couple of oddly dressed men in the Middle East do one night," LSU economist Stephen C. Farber said. "That's really weird."

And while chemical workers earn lucrative salaries, there are relatively few jobs in the highly automated

industry: They represent only about 1.6 percent of the state's 1.7 million-strong work force.

What Louisiana lacks is the so-called downstream plants - the ones that make the compact discs, toys, car parts, synthetic fabrics and a wide array of other products from the raw materials the state produces in bulk.

Scott's study said those downstream plants would employ more workers than the state's giant petrochemical units. And Department of Environmental Quality Secretary Paul Templet said the downstream plants are also less polluting.

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Illustration:

A worker adjusts a valve at the BASF chemical plant in Geismar, La. For each of the state's 29,200 chemical industry jobs, eight additional jobs are created elsewhere in the economy.

STAFF PHOTO BY G. ANDREW BOYD