Lake Charles economy crashed with petrochemicals

By KEITH LAWRENCE
Advocate staff writer

LAKE CHARLES — When Harry Beasley moved here in 1981, he couldn't believe what he saw happening around him.

Petrochemical businesses, large and small, were sprouting up like wild mushrooms on a wet day in summer.

"My God, everybody was coming here. It was a euphoria," said Beasley. He is the plant manager of Hilmont U.S.A. Inc., a polypropylene manufacturer. "It was an attitude that everyone constantly needed more energy suppliers, more chemical products. Let's build, build, build.

And they did build. And they did create jobs. And they did crash, taking the local economy and spirit down with them.

The trip from penthouse to basement took only three years, and now Lake Charles is trying to rebound.

CONTINUED FROM 1A

- Refining gas and oil for less than their U.S. counterparts.
- Cheap labor abroad made it difficult for American products to compete on the world market.
- Rising energy and material costs put utilities at risk.
- A large national debt and an overvalued dollar also made it hard for U.S. companies to compete, said Ludden, director of employee relations at PPG Industries Inc., a Lake Charles chemical producer.

"If this country doesn't whip (its national debt), companies will continue to have problems competing in the world," Ludden said.

By late 1981, the first signs of trouble washed ashore in Lake Charles.

At that time, Consolidated Aluminum Co. laid off 450 workers, said Marcello Peller, a spokesman for Cito Petroleum Co. (which later merged with another company to form Hilmont) fired 32 workers and Firestone Tire and Rubber Co. cut 16 employees.

But the big bombshell hit in January 1982 when Cities Services, Lake Charles' largest employer at the time, laid off 1,160 workers after shutting down its plastics, chemical and baby rubber-producing divisions.

"The bottom of the market just fell out," said Marcello Peller, a spokesman for Cito Petroleum Co. Cito is a division of the Southland Corp., which purchased part of Cities Services in 1983.

It didn't take long for other petrochemical companies to follow Cities Services' lead.

- Hercules cut another 100 positions in May 1982.
- Glenn Janis, a former president of Hercules Inc., said the company's chemical business caused people to lose their jobs at the plant.
- Commercial Business also reduced its workforce, saying it was "not a reason to go.

In July, an exhaustion campaign led to layoffs at Lake Charles Partners. The company announced three ships will be laid off and 300 workers at the Port of Lake Charles, leading to a layoff of 192 city workers.

But by late 1981, the local economy and spirit were down.

"It's like a priest choosing a new location for the church," said Roland Muller's. "But I see things in the near future, they are going to be a lot better."

For a while, Lake Charles' leaders seemed uncertain of what to do. In 1981, the chemical and petroleum businesses of Calcium Parishes, where Lake Charles is located, employed 30,000 people. Another 9,700 construction workers held jobs there as well, and much of their work involved building multimillion-dollar facilities for the petrochemical businesses on the west side of the Calcasieu River.

Several of these companies felt they could do more and more, and that people would buy whatever they made, said Beasley. "They added more people, did more things to compete with that recession hit.

For the petrochemical businesses, the slump hit hard and for a variety of reasons. According to local industry leaders, some of those reasons were:

- New facilities in the Middle East could

Watson said that for years, Lake

Charles was unwilling to lure industries with land and money like other cities did.

He said he has the support of all segments of the community — business, labor unions, government — in his efforts to bring new businesses and keep existing businesses here.

"We need a positive image of the city, and I think that's what we need.

To that end, the Chamber of Commerce has just launched a promotional campaign called "Lake Area Love Affair". It encourages local people to spend their retail dollars in the parish.

While unemployment is Watson's biggest concern, he said one of the first things Lake Charles did after taking office was eliminate 20 city jobs in an effort to reduce the city's $45 million deficit.

"He knows that Lake Charles also needs to improve its appearance.

Cito, he would like to see small things like stores, restaurants, clubs and other nightspots moved into the vacant downtown stores that vacate every weekend.

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