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WV manufacturers: ethane cracker would boost entire sector

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By Taylor Kuykendall, Reporter - [bio](#) | [email](#)

There have been a lot of arguments for the move from a manufacturing to a service or knowledge economy, but West Virginia appears much more ready to latch onto the latter.

Many economic developers in the state lately have been focusing on attracting to West Virginia an ethane cracker, which is a facility that could turn portions of the region's recently discovered abundance of shale gas into ethylene. Some of the jobs that would come from the facility would require advanced degrees, such as chemists or engineers.

A larger portion of the jobs many are hoping to create are in the manufacturing field. Those jobs are not only expected to be at the cracker, but at any number of downstream businesses that may spring up near an ethane cracker.

Joe Eddy, president and CEO of Eagle Manufacturing Co. and chairman of the West Virginia Manufacturers Association board, said only 28 ethane crackers exist in America. Locating another to the Mountain State would be significant to job creation in the manufacturing sector.

"Put two or three world-class crackers in and you can really affect the downstream significantly, not only in West Virginia, but in the United States and the world," he said.

Eddy said that while some parts of the world talk about moving to a knowledge-based, service-based or information-based economy, the reality remains that wealth is largely created by jobs and capital that come from agriculture, resource extraction and manufacturing.

"West Virginia has been blessed with all three of those," Eddy said. "We are very blessed right now to have an existing manufacturing and chemical base in the state as well as obviously... resource extraction."

According to the National Association of Manufacturers, manufacturers account for about 10 percent of total output in the state, about \$6.2 billion in 2009. Chemical manufacturing is the state's leading manufacturing sub-sector. About 17 percent of West Virginia's manufacturing jobs are supported by exports.

Eddy said he's skeptical of an economy increasingly moving away from its manufacturing base.

"Service industry jobs are important to service businesses that generate new wealth," he said. "... Part of the reason our current economic recovery is so slow is because we have less manufacturing jobs in this country right now."

While manufacturing jobs are an increasingly smaller share of U.S. jobs, jobs in service and government have been inflating quickly, Eddy said.

"It's not sustainable without the manufacturing and resource extraction and agriculture base that really developed our country and any other progressive country in the world," Eddy said. "Capitalism is not a bad thing — it's a good thing, because without capital, service industries can not continue to exist."

Lawmakers in the state also seem to eager to attract manufacturing jobs to the state. Efforts to lure an ethane cracker have been a hot topic in Charleston.



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One of the first laws to pass this legislative session was, House Bill 4086, a tax incentive bill aimed at attracting a cracker. The West Virginia Center on Budget and Policy calculated the value of the tax break to be on the order of \$300 million.

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NAM calculates the average compensation in the manufacturing sector in West Virginia at \$61,378.

The [WVMA](#) is hosting a conference on what an ethane cracker would mean to West Virginia later this month.

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