

# Chapter 26

## The Economy of Modern Georgia

### Chapter Preview

#### TERMS

globalization, free trade, free enterprise, interstate highways, suburbs, metropolitan area, pasteurization, broilers, agribusiness, kaolin, Cold War, containment, retail, shopping center, centennial, income, expenses, overdraft, interest, investment, certificate of deposit, stock, mutual fund, repossess

#### PEOPLE

Jesse Jewell, Bernie Marcus, Arthur Blank, Ted Turner, Hank Aaron, Rankin Smith

#### PLACES

Bainbridge, Hartsfield-Jackson Atlanta International Airport, Elberton, Pickens County, Sandersville, Korea





**F**rom the end of World War II to the early twenty-first century, Georgia's economy has not only grown, but it has changed in basic ways. Both agriculture and manufacturing became more diverse, and workers have sometimes been replaced with machines. Increasingly, Georgians found jobs in the growing service sector. As the economy changed, people moved to Georgia's cities, especially the Atlanta area. With the growth of its air travel and the intersection of major highways, Atlanta became the transportation hub of the region.

Since the late 1990s, Georgia and the rest of the country and world have been affected economically by **globalization**. That is, the economies of the world's countries have become more connected and more dependent on each other. Georgia now does business with countries all over the world. What happens in their economies can affect us, and what happens in our economy can affect them. In 1992, the United States signed an agreement called the North American Free Trade Agreement (NAFTA) with Mexico and Canada. **Free trade** means that the countries do not have any trade barriers (protective tariffs or quotas) on the amount of goods that can be bought and sold among them.

A final important change in the economy is the shift that began in the last decades of the twentieth century away from manufacturing and toward the service industry. As manufacturing became a smaller proportion of the economy when companies moved overseas, services became a larger one. By the 2000s, a majority of the state's jobs were in this sector of the economy.

Our economy is based on the idea of **free enterprise**. This means that privately owned businesses operate without government interference beyond what is necessary to ensure fairness in competition, consumer protection, and balance in trade. The goal of businesses is to provide a profit. Sometimes people who do not actually work for the company put their money into the company in order to earn a share of the profit. There is a risk involved in investing because if the company or business does not make money, then the investor can lose what was invested. It can, however, be an important way to earn money and to keep the economy booming.

**Left:** Sports has been an important factor in Atlanta's rise to the status of a world-class city. Philips Arena is home to the Atlanta Hawks, seen here playing the Milwaukee Bucks in the 2010 NBA playoffs. The Hawks won the series four games to three. Philips Arena is also home to the Atlanta Dream WNBA team, and the Atlanta Thrashers NHL team.

# Section 1

## Transportation

### As you read, look for

- the effect of interstate travel,
- the two major freight rail lines in Georgia,
- the importance of Georgia's major ports,
- terms: **interstate highways, suburbs, metropolitan area.**

**One key element that has enabled Georgia to expand** and modernize its economy is the transportation system developed since World War II. The ability to move Georgia's goods, both agricultural and industrial, from their point of production to their point of sale within the state, nation, or world has been crucial. Our good transportation system has encouraged companies to locate their offices, distribution facilities, and factories in Georgia.

**Figure 48**  
**Timeline:**  
**1940 to 2000**



**1941**  
Delta Airlines relocated to Atlanta

**1945**  
Georgia Ports Authority established

**1955**  
Aflac founded

**1979**  
Home Depot founded

**1966**  
Atlanta gained Braves baseball and Falcons football teams

**1980**  
CNN founded

**1991**  
UPS relocated to Atlanta

**1996**  
Atlanta hosted Summer Olympics

1940

1950

1960

1970

1980

1990

2000

**1956**  
Federal Highway Act passed

**1965**  
Medicare established

**1976**  
U.S. celebrated bicentennial

**1986**  
Space shuttle *Challenger* exploded

**1995**  
Bombing of Murrah Building in Oklahoma City

**1998**  
Construction began on International Space Station

For example, in 1991, UPS (United Parcel Service), which employs several thousand Georgians, looked at hundreds of cities before deciding to locate its international headquarters in Atlanta. Transporting people was another crucial factor in growth. People have come into and gone out of the state on highways, rail lines, air routes, and sea lanes.

## Highways

There are thousands of miles of highways across Georgia. Both people and goods travel these routes. Today, Georgia's roads consist of city streets, county roads, state highways, and federal highways, including the interstate highway system.

Some of the most important road expansion resulted from the 1956 Federal Highway Act, which provided federal funding of 90 percent of construction costs for a system of **interstate highways** that would connect the nation. States were expected to provide the remaining 10 percent with money raised from new taxes on driving-related items. President Dwight D. Eisenhower wanted a system of well-constructed, limited-access, multilane highways that would allow for safer high-speed travel. One of Eisenhower's major advisors on this system was General Lucius Clay, the Marietta native who was influential in the location of the Bell Bomber Plant in World War II. Eisenhower's system was based on roads that drivers can enter only at interchanges, which have on and off ramps with entry and exit lanes. These lanes allow drivers time to speed up to enter traffic and to slow down to exit.

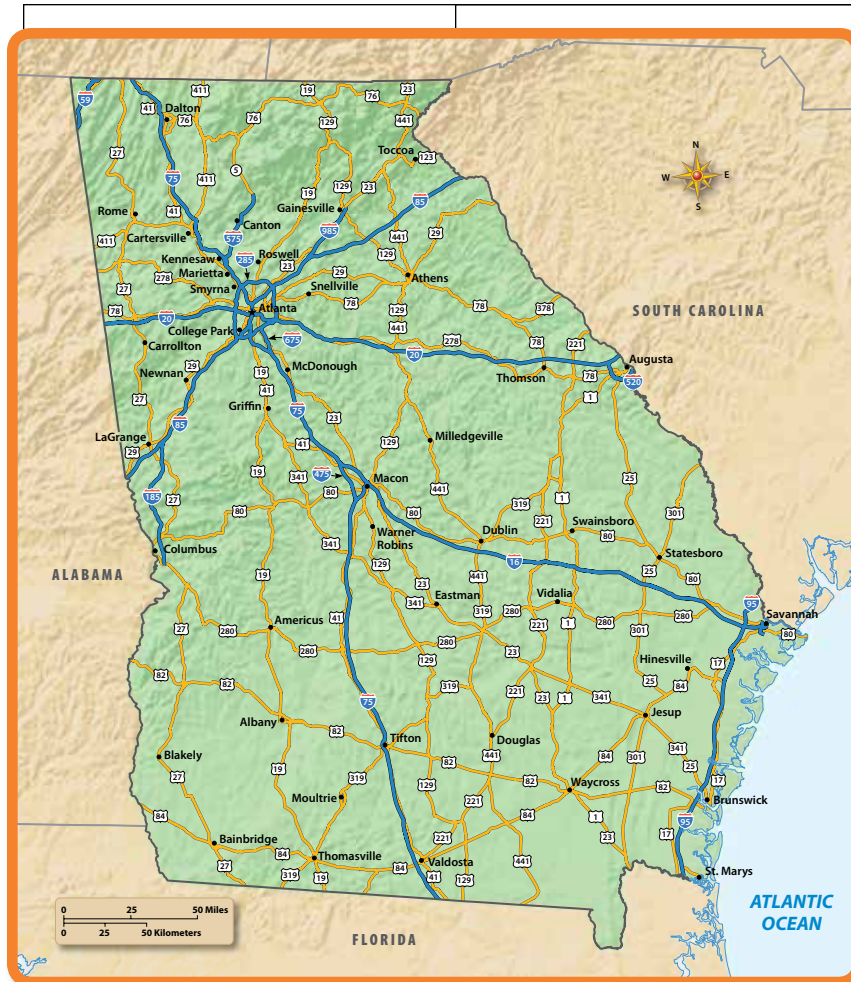
Construction of the interstates took place in the 1960s and 1970s and provided many jobs in Georgia. As new highways were built, more cars

## Something Extra!

The original purpose of the interstate highway system was to enable the quick movement of troops in case of a nuclear attack.

**Below:** There are 1,244 miles of interstate highway in Georgia. Three interstate highways—I-20, I-75, and I-85—pass through Atlanta, making it an important transportation hub. The intersection of I-85 and I-285, below, is known as “Spaghetti Junction.”





and trucks took to the roads. Roadside businesses such as restaurants, hotels, and gas stations opened. As you can see from Map 36, Interstates 75, 85, and 20 all go through Atlanta. This ensured Atlanta's position as a transportation center for the state and a major hub in the Southeast.

These interstate highways had a major impact on the economy throughout the country, including Georgia. They lessened the number of traffic deaths per miles traveled. They expanded markets by providing faster, more efficient travel for trucks carrying consumer goods. They provided faster, safer routes for passengers traveling for business and pleasure. This helped increase tourism, which became a very important business in many cities. The interstates allowed employees to more easily get into and out of cities for work. More people moved to the **suburbs** (residential areas around cities). That led to growing metropolitan areas. A **metropolitan area**

includes a large city surrounded by smaller communities with no green space between them. Atlanta is a good example of a metropolitan area.

## Map 36 Georgia's Major Highways and Interstates

**Map Skill:** What interstate highway is closest to where you live?

**Opposite page, above:** The Norfolk Southern Railway is a descendant of the Central of Georgia Railroad, formed in 1833. This freight train is passing through Augusta. **Opposite page, below:** An ocean freighter laden with container cargo leaves Georgia's busiest port at Savannah.

### Rail Transport

During World War II, train use increased due to gasoline and tire rationing. At the end of the war, automobiles made a comeback. As interstates and other roads improved travel for cars and trucks, the railroads lost business. More people traveled by car, and fewer used the passenger rail service. By the 1960s and 1970s, passenger rail service ended in much of the state, and some of the beautiful old railway stations in Georgia's cities fell to the wrecking ball. By 2000, two Amtrak lines provided the only passenger rail service in Georgia. The Crescent Line travels from New York to New Orleans with three Georgia stops: Toccoa, Gainesville, and Atlanta. The Silver Service connects New York to Miami, Florida, with stops in Savannah and Jesup.

Railroads did continue to transport cargo, although even that has decreased because of the competition from trucking. The major Georgia railroads at the end of World War II were the Atlantic Coast Line and the Seaboard Air Line Railroad, which merged in the late 1960s and became the Seaboard Coast Line. The Seaboard then merged with another line to become CSX in 1980. The Central of Georgia Railroad, first established in

the 1830s, was bought by the Southern Railway in the 1960s. Southern was taken over by Norfolk Southern in 1982. Today, freight in Georgia is carried by the CSX and the Norfolk Southern railroads with some smaller lines connecting industrial sites and small towns to those major lines.

## Water Transport

For much of Georgia's history, transportation on Georgia's rivers has been an important part of the economy. Railroads were the first competition for river transport. Trucking ended much of the remaining river trade. By the late twentieth century, only Bainbridge and Columbus still served barges carrying cargo on rivers.

The ports of the coast, however, remain a key part of Georgia's growing global trade. Brunswick and Savannah are the two major deepwater ports, with Savannah getting the major portion of sea cargo. In 1945, the General Assembly created the Georgia Ports Authority to oversee the state's deepwater ports. Throughout the late twentieth century, business grew at Savannah's two terminals. In the early 2000s, Savannah is one of the top five ports handling containerized cargo business, and it continues to expand. Cargo containers are about the size of semi-trucks. The entire container can be lifted by crane from one type of transportation to another, such as from a ship to a rail car or a truck bed. Brunswick has three terminals, including one at Colonel's Island, and handles mainly imported automobiles.

Georgia's deepwater ports and inland barge terminals support more than 280,000 jobs throughout the state. They contribute over \$14 billion in income, \$55 billion in revenue, and \$2.8 billion in state and local taxes to Georgia's economy.

## Air Transport

The other type of transportation that has become increasingly important to Georgia's economic growth is air travel. In the years following World War II, some of the military airfields were converted to civilian use. During the administration of Governor Carl Sanders in the early 1960s, the state began providing matching funds to go along with federal funds to expand air travel. New airports were built and existing airports improved.

In the last few decades, Georgia continued to develop two kinds of airports—commercial and general aviation. *General aviation airports* are



## Something Extra!

In 1971, voters in Clayton, DeKalb, Fulton, and Gwinnett counties approved the construction of the Metropolitan Atlanta Rapid Transit Authority (MARTA). MARTA provides bus and rapid rail service to the Atlanta metropolitan area.



**Above:** Delta Airlines' move to Atlanta in 1941 was a key factor in the city's growth. Delta's use of Hartsfield-Jackson Atlanta International Airport as its major hub helped to make it the busiest airport in the world.

## Something Extra!

Hartsfield-Jackson Atlanta International Airport is important to the economy of the entire Southeast. It generates earnings of about \$23.5 billion to the regional economy annually.

those that do not have regularly scheduled airlines; they are used by company planes and private pilots (including crop dusters in some rural areas). Georgia has almost one hundred airports of this type. The Peachtree-DeKalb Airport in Chamblee is a general aviation airport for the metropolitan Atlanta area. *Commercial airports* have regular airlines with scheduled flights. Augusta, Columbus, and Savannah have flights for commuter airlines as well as national flights in and out. Savannah is also an international airport. Albany, Athens, Brunswick, Macon, and Valdosta serve commuter flights.

### Hartsfield-Jackson Atlanta International Airport

At the top of air travel in the state is Hartsfield-Jackson Atlanta International Airport, used only by commercial airlines. In 1971, the airport was named after William B. Hartsfield, former mayor of Atlanta. In 2003, the name "Jackson" was added to honor Maynard Jackson, the first African American mayor of a southern city.

Today, Hartsfield-Jackson Atlanta International Airport is the busiest airport in the world. In February 2010, almost 6 million passengers took more than 60,000 flights from the airport. From Atlanta, a traveler can fly to countries all over the world on more than thirty airlines. In addition to passenger travel, over nineteen companies fly cargo in and out. Planes land on and take off from five runways twenty-four hours a day.

### Delta Airlines

One of the most important factors in the growth of Georgia's air travel was the relocation of Delta Airlines to Atlanta from Louisiana in 1941. At that time, Delta served the Southeast. In the late 1940s and 1950s, the airline grew as it bought out smaller airlines, added cargo service, and modernized its fleet of planes. In 1955, the company began its first route to New York City. Four years later, Delta added its first jets. It continued to expand the number of routes and destinations throughout the 1960s and 1970s. By the late 1970s, Delta was flying to Europe; in the late 1980s, it began flying across the Pacific. Throughout the last decades of the twentieth century and into the twenty-first, Delta kept updating its technology and adding routes to its service. Today, Delta serves more than 160 million passengers each year. In 2009, over 55 percent of all Delta passengers flew out of the Atlanta airport.

### Reviewing the Section

1. Define: suburbs, metropolitan area.
2. What effects did the 1956 Federal Highway Act have on Georgia?
3. What is the difference between commercial and general aviation airports?

# Discovering Georgia

## Atlanta

**One theme that runs through Georgia's economy** in the last sixty years is the importance of Atlanta. The push for Atlanta's modernization began with Mayors William Hartsfield and Ivan Allen, Jr. who worked hard to convince businesses to locate in the city. Hartsfield promoted air travel and a modern airport. He also annexed areas and tripled the city's size. Allen continued to expand the economic growth. Atlanta's present skyline began to emerge in the 1960s with the construction of high-rise office and hotel buildings.

From a city of around 100,000 people in the mid-1900s, Atlanta has become an urban area of over 4 million. By the late 1990s, a new trend emerged as both middle- and upper-class whites and blacks began moving back into the city from the suburbs. While most residents are African American and white, over 10 percent are foreign born, representing countries from all over the world. A large proportion of foreign-born residents are from Latin America. Unfortunately, Atlanta's urban growth has led to growing problems with traffic congestion and air pollution. Metro Atlanta's increasing population has also meant the need for more and more water,

which has led to conflicts with both Florida and Alabama over Chattahoochee River water. The city still has problems of poverty.

Atlanta today is a major center of business, finance, and higher education. Atlanta-based companies such as Coca-Cola, UPS, Georgia-Pacific, Delta, and Home Depot are known all over the world. Major media such as CNN and The Weather Channel are based in the capital city. Atlanta is home to the busiest airport in the world and to major institutions of higher education.

Atlanta has nationally recognized institutions. The High Museum of Art exhibits important works, while the Atlanta Ballet, Atlanta Symphony Orchestra, Alliance Theater, and Atlanta Opera all provide world-class performances. Science and nature can be explored at the Botanical Gardens, Fernbank Museum, Zoo Atlanta, and the Georgia Aquarium. The Centers for Disease Control is a leading research center. The Atlanta History Center, King Center, Carter Center and Presidential Library, and other historic museums and sites preserve and document the history of the city, the state, and the South, and provide important resources for researchers. Atlanta has become one of the major urban centers of the United States.





# Section 2

## Agriculture

### As you read, look for

- the effects of mechanization on the agricultural industry,
- crop diversity,
- the impact of the broiler industry,
- terms: **pasteurization, broilers, agribusiness.**



**Above:** The introduction of mechanized cotton pickers following World War II, along with a decline in demand for cotton, sounded the death-knell for the sharecropping system, as small farms were replaced by larger, more efficient operations that required less manual labor.

**post-World War II period**, a larger percentage of Georgia's population left rural areas. Georgia had people working on farms and fewer farms to work on. Sharecropping declined quickly, although not totally, in the years after the war. African Americans especially began to leave farming in large numbers. By the 1970s, very few African Americans made their living in farming. Before the depression, a majority had.

Farming changed in another important way: its production is far more diverse. That is, many different crops are produced. Another major change was mechanization. Modern farms use tractors, harvesting machines, crop-dusting airplanes, and chemicals that keep weeds and pests from destroying crops.

### Cotton

Cotton had been Georgia's major crop since the late 1700s. Throughout most of that time, cotton production depended on the labor of human beings. In the late 1940s, two major farm equipment companies began selling machines that could pick cotton without destroying the cotton bolls. In fact, the machines could gather far more cotton in a day than a person could. Farmers who could not afford a machine could sometimes join with other farmers to purchase and use the equipment. Those who tried to produce a crop without equipment found it hard to compete with mechanized farms. The number of cotton farms went down, but the production of the remaining farms went up.

The demand for cotton, however, decreased after the war. It continued to fall in the 1950s and 1960s as manmade fibers such as rayon and polyester became popular. In the 1980s and 1990s, consumers wanted natural fibers again, and cotton made a comeback. Even so, cotton was no longer king. In the twenty-first century, less than 10 percent of the money made by farming in Georgia comes from cotton.

## Other Crops

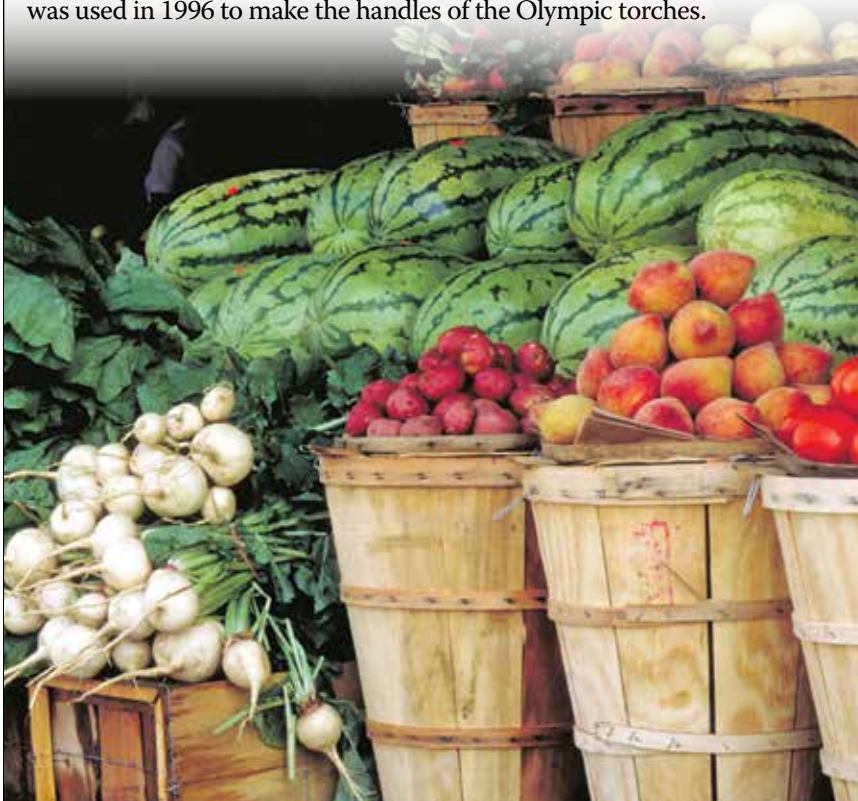
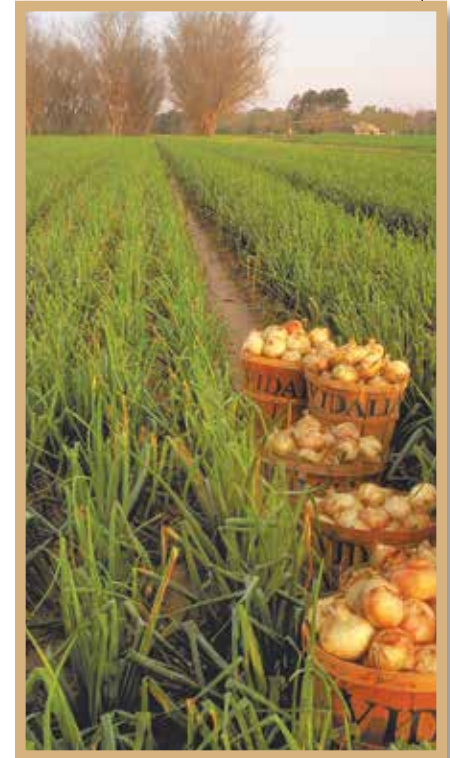
Other crops became important in the farm economy. Peanuts were grown in the south-central and western half of the state. By the 1950s, Georgia was the top peanut-producing state in the country. One peanut farmer who became very important to the state and nation was Jimmy Carter.

As roads improved and refrigeration decreased spoilage, truck farming (growing vegetables for local markets) became an important part of the economy. Corn, cabbage, tomatoes, squash, peas, greens, watermelons, and many other vegetables grow well in various areas of the state. The best-known Georgia vegetable is the sweet-tasting Vidalia onion, now grown in twenty Georgia counties. By the twenty-first century, Vidalia onions brought in more income than any other vegetable produced in the state.

Georgia also increased its fruit production after the war. Peaches had been grown for decades. Georgia is still known as the “Peach State,” but it no longer leads in the production of peaches. Apples also became important to economic growth, especially in north Georgia.

By the 1950s, Georgia became the nation’s leading state in the production of pecans, and it remains the leader today. In addition, pecan wood is valuable because it makes beautiful furniture and floors. Georgia’s pecan wood was used in 1996 to make the handles of the Olympic torches.

**Below right:** Georgia’s famous Vidalia onions bring more money to the state than any other vegetable. **Below left:** A variety of fresh fruits and vegetables, including Georgia’s signature fruit, the peach, can be found at roadside stands all over the state.



## Something Extra!

In 2008, Georgia ranked first in the nation in the production of broilers, peanuts, pecans, rye, and spring onions. It was second in the nation in the production of cotton, cucumbers, and snap beans.



## Livestock

Georgia's agricultural economy has also included animals, such as beef cattle, hogs, and dairy cows for milk production. The invention of refrigeration to keep milk fresh and milking machines to speed up the process of milking made dairy farms more profitable. By 1946, Georgia law required **pasteurization**, the process of heating milk to kill bacteria that cause disease. Because pasteurizing equipment was expensive, dairy farmers established cooperatives where farmers would purchase it together. In the 1960s, new equipment connected milking machines directly to pipelines, which took milk to tanks. That made milk production even faster and more efficient.

One of Georgia's most important products in the postwar period has been chickens. North Georgia became a center for raising chickens. In the 1970s and 1980s, chicken production increased. By the late 1990s, Georgia had become the nation's leader in **broilers**, chickens weighing less than two and a half pounds. Over the years, other areas of the state have become involved in chicken production. The number of farmers raising chickens has gone down, but the number of chickens raised has gone up.

In addition to raising crops and animals, Georgia's economy grew through the **agribusiness** (farming and the businesses associated with farming) of processing those products for markets. Vegetables and fruits required packing; nuts had to be shelled; milk pasteurized; and animals slaughtered, cleaned, and packaged. In coastal areas, fish and other seafood, especially shrimp, also had to be cleaned and readied for market. Processing plants were built to carry out these operations.

No food processing industry was more important to Georgia's economy than the broiler industry. In the 1930s, Jesse Jewell of Gainesville encouraged



**Top:** Visitors are welcome at Cagle's Dairy Farm, established in 1951 in Cherokee County. **Above:** Carrots grown and harvested in Hazlehurst, the county seat of Jeff Davis County, are processed and packaged for shipment around the country.



the raising of chickens as a business by selling farmers baby chicks. When the chicks grew up, he bought them back to process them. Over the next decades, other companies became involved in chicken processing. In the 1950s, Georgia's companies began to sell their broilers to other countries.

After the war, most of the workers in the broiler industry were rural white women, often farm wives who needed to earn extra money. As the industry grew, more workers were needed. In the 1980s, the labor force began to change as immigrants from Mexico and other Latin American countries began filling these jobs. At the same time, the demand for chicken in the United States was skyrocketing. By the mid-1990s, Americans ate more chicken than beef and pork.

Although agriculture is no longer the main force in Georgia's economy, it is still important. Today it is mechanized, modernized, and efficient. In the twenty-first century, the nation and state, however, face some challenges that result from modern agriculture. These challenges include pollution in streams and waterways from the chemicals in fertilizers, as well as those sprayed on crops to kill weeds and insects.

### Reviewing the Section

1. Define: pasteurization, agribusiness.
2. Why did cotton not remain "king" of the crops?
3. How has mechanization affected Georgia agriculture?

**Above: The poultry industry in Georgia has boomed since World War II and today contributes \$13.5 billion to the state's economy. The poultry business is dominated by large companies that control all aspects of production.**

## Something Extra!

**The poultry industry employs over 40,000 Georgians. In addition, more than 70,000 Georgians work in poultry-related industries.**

# Section 3

## Manufacturing

**Below:** Jasper in Pickens County hosts the Georgia Marble Festival every year in October. The festival includes tours of marble quarries along with a number of other activities.

### As you read, look for

- the importance of granite and kaolin to Georgia's economy,
- how tufted textiles helped the textile industry,
- the role of the defense industry in Georgia's economy,
- terms: **kaolin**, **Cold War**, **containment**.



### Something Extra!

Within Georgia, native marble has been used on structures such as the state capitol, the Lenox Square Mall in Atlanta, and several buildings at Emory University.

**In the postwar period, Georgia's natural** resources continued to provide the basic materials for some of the important industries of the state. Mining Georgia's minerals continued, as did the textile industry. The economy also became more diverse, and many different industries built plants in the state. Soap, fertilizer, chemicals, medicines, and many other products became important income producers in Georgia. Aerospace, technology, and bioscience also became important.

These industries provided thousands of jobs for Georgians. By the late twentieth century, increased mechanization, including the use of robotics in some industries, and the attraction of low-wage workers in other countries, led to cutbacks in jobs in many companies. Some companies left the state altogether. When that happened, Georgia worked to attract new companies.

### Mining and Forestry

Minerals under the ground and trees above the ground were two notable pieces of the postwar economy. Minerals included the hard rock of the Piedmont areas, especially granite and marble.

In the period after World War II, production and sales of granite boomed. Granite from Elberton, Georgia is shipped all over the country and the globe. Elberton is known as the "Granite Capital of the World." Georgia's marble, centered in Pickens County, is found in buildings throughout the country, including the capitals of Georgia and the nation.

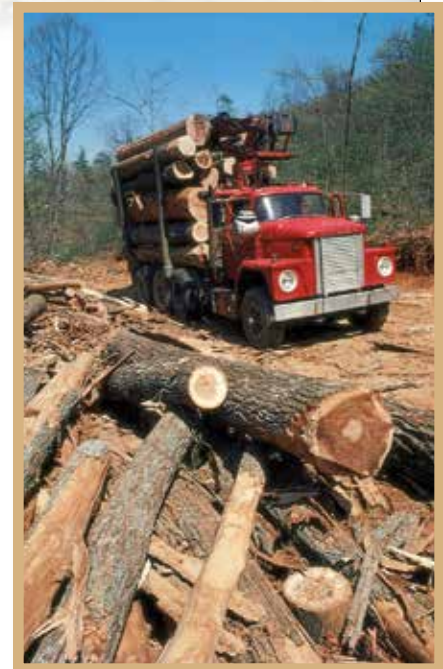


Georgia is a world leader in the mining of a white clay called **kaolin**. Found in deposits near the Fall Line from south of Augusta all the way to Macon, Georgia's kaolin is some of the purest in the world. Kaolin is used in medicines, paints, ceramics such as tiles and sinks, and chinaware dishes. Much of the kaolin becomes the white shiny coating on the paper for magazines.

Kaolin became a major asset to the central Georgia area after the boll weevil and Great Depression devastated the cotton industry. One of the most important areas is Washington County, whose county seat is Sandersville. Sandersville is nicknamed the "Kaolin Capital of the World." The Sandersville Railroad made it possible for the first major company to begin to mine, process, and transport the kaolin deposits. Other companies soon located in the area. By the twenty-first century, kaolin mining and production was a billion-dollar business in Georgia. Several thousand Georgians from the hills of central Georgia to the port of Savannah, work in kaolin-related jobs.

Another important Georgia natural resource is its timber. Timber is used not only for boards, but also for paper and paper products. By the twenty-first century, forest products meant billions of dollars to Georgia's economy each year.

You saw in Chapter 20 how important Georgia-Pacific has been in wood and paper products. Another company involved in timber was Union Camp, a maker of paper and pulp products. Union Bag and Paper, incorporated in 1875 in New York, moved to the Savannah area in the late 1930s to be closer to the supply of southern pines. In 1956, Union Bag merged with Camp Manufacturing, a lumber company. Although the company was headquartered in New Jersey, Savannah was its largest production center. Other Georgia towns also had packaging plants and timber mills for the company. In 1999, International Paper Company bought Union Camp. It continues to operate in Georgia as a major company with international sales.



**Top:** The Thiele Kaolin Company quarries are located in Sandersville, the "Kaolin Capital of the World." Georgia produces more than 8 million metric tons of kaolin a year, far more than any other state. **Above:** Wood is still a major natural resource in Georgia, with millions of acres devoted to pine plantations. Most of the wood is used to make different kinds of paper.



**Above:** Shaw Industries in Dalton is the largest manufacturer of carpet in the world. The company was founded by Clarence Shaw in the 1940s to service the tufted fabric industry, then mostly bedspreads. The company prospered in the 1950s with the development of tufted carpets and has been an industry leader ever since.

## Something Extra!

In a cottage industry, goods are made in homes and then sold in stores.

### Carpets

Georgia's main industry had long been textiles. The need for uniforms, parachutes, and other textiles had helped the industry during World War II. That prosperity continued into the 1950s. Like other industries across the nation, textile production became more automated as machines performed more of the operations. Companies that could not afford to buy the new equipment went out of business or were bought out by those who could. Companies that updated their equipment did not need as many workers, resulting in lay-offs. Old practices, such as mill housing, also ended.

In spite of cutbacks in workers, the American textile industry found it increasingly difficult to compete with the cheaper prices of cloth from other parts of the world. By the late 1900s, many, but not all, companies had either gone out of business or moved their operations to foreign countries. The companies that made clothing, called the garment-making industry, also began to leave the state for cheaper production in other countries. Employees who had expected to have lifetime jobs in local plants found themselves out of work.

An exception to that trend was the business known as "tufted textiles." In a tufted textile, yarn stands up straight rather than being woven into cloth. This is how most carpet is now made. In the late 1800s, Catherine Evans (later Catherine Evans Whitener) in north Georgia began making bedspreads by hand using this method. The popular bedspreads created a "cottage industry" that began in the northern area of the state and continued over the next few decades.

In the 1930s, factories for making the bedspreads emerged in north Georgia. Machines for making tufted fabric mechanized the process. From

making bedspreads, factories began to try other products, including small rugs. When machinery was developed that could make bigger rugs and wall-to-wall carpeting, the carpet industry boomed. Several major companies were founded. The increase in home ownership of the 1940s and 1950s increased rug and carpet sales.

In the 1960s, nylon was introduced into the tufted textile industry. The nylon carpeting looked and felt as good as wool did, but was far less expensive. By the early 1960s, consumers were buying over \$1 billion of carpeting every year. That amount doubled in ten years. By the twenty-first century, four companies dominated the carpet industry. All were located in Georgia: Shaw, Mohawk, Beaulieu in Dalton, and Interface in LaGrange.

Like the broiler industry, the carpet industry needed workers. In the early years, the workers were mainly women or sometimes men who had time off from their farming or construction work. As the industry grew, the carpet companies had a greater need for more long-term workers. Beginning in the 1980s, that need was increasingly met by immigrant workers. By the late twentieth century, the majority of the workers in the carpet industry were immigrants from Mexico and other Latin American countries. Their work enabled the industry to become the giant contributor to the Georgia economy that it is today.

## Military and Defense

World events had a major impact on Georgia's economy. After World War II, the relationship between the Soviet Union and the United States quickly began to get worse. The Soviet Union had both a government and an economy that were very different from those of the United States. In the Soviet Union's communist economy, factories, farms and businesses were owned by the government; citizens received wages from the government. In the U.S. capitalist economy, citizens and companies owned the farms, factories, and other businesses. The differences between the two countries led to a long period of mutual suspicion, competition, and distrust known as the **Cold War**.

The U.S. foreign policy during the Cold War was based on a philosophy called **containment**. This meant that the United States wanted to keep communism (the political/economic system of the Soviet Union) from spreading to new places and keep it contained to the areas where it already was. There were several ways to accomplish this. One was by intervening militarily in places where communists were trying to take over. Another was by building a military force that would discourage the communists from starting a war with the United States or its allies.

## Something Extra!

The C-141 project played a major role in desegregating Lockheed, one of the South's largest employers.



**Above:** Robins Air Force Base was built during World War II near Warner Robins, south of Macon. The base is the largest industrial facility in Georgia with almost 20,000 military and civilian employees.





**Above:** After closing at the end of World War II, the Bell Bomber plant in Marietta got a second life when it was purchased by the Lockheed Corporation in 1951.

The Cold War resulted in the United States building up its military forces. In Georgia, many of the bases located in the state during World War II became permanent instead of being closed. Senator Richard B. Russell and Congressman Carl Vinson worked to keep Georgia's installations open. Georgia's large military installations brought jobs, income, and people to Georgia towns and cities. All of this contributed to Georgia's postwar prosperity.

Containment led the United States into a conflict in 1950 in the country of Korea. The northern and southern halves of Korea were divided into two separate governments after World War II. North Korea became communist, and South Korea became capitalist. Both were ruled by dictators. In June 1950, North Korea invaded South Korea to try to reunite the country under communism. The United States worked with the United Nations to try to stop the takeover so communism would not spread to South Korea.

The policy of containment also brought the defense industry back to Georgia. The conflict in Korea required military equipment, including planes. After World War II, the huge Bell Bomber Plant in Marietta was closed and used for storage. Lockheed Corporation of California took over the old plant in 1951 and began to manufacture planes that transported troops and equipment: the C-130 Hercules and the large C-141 Starlifter. Designing and building planes brought engineers and other workers to the area.

In the 1960s, the company got the contract for building an even larger transport plane, the C-5 Galaxy. In the 1990s, with the Cold War ended, Lockheed merged with Martin Marietta Company, a manufacturer for the space industry and missiles. The Lockheed Martin plant in Georgia continues to manufacture and modernize aircraft in the twenty-first century as part of the American aerospace industry.

## Other Manufacturing

In addition to these major industries, Georgia has other manufacturers, especially in transportation. While Ford and General Motors no longer have plants in Georgia, KIA opened a manufacturing plant for its automobiles in 2009. Many suppliers of auto parts also operate plants in Georgia. Blue Bird, the world's largest maker of school buses, has its headquarters in Georgia. Both E-Z-Go and Club Car golf carts are made in Georgia. All are important to Georgia's economy.

### Reviewing the Section

1. Define: kaolin, Cold War, containment.
2. What is a "tufted textile"?

# Section 4

## Services

### As you read, look for

- modern businesses,
- the rise of tourism,
- the effect of entertainment and sports,
- terms: **retail, shopping center, centennial.**

**As you have seen, agriculture and manufacturing** both went through processes of mechanization and modernization. This led to greater output but also fewer workers. As jobs in these areas became more difficult to find, many workers turned to jobs in the service industries. As you learned, service industries do not produce an actual product but a service such as health care, education, entertainment, and lodging. By the 2000s, a majority of jobs in the state and throughout the entire country were in the service sector.

Following World War II, Georgia expanded its banking, insurance, entertainment, and retail services. Atlanta became a center for banking, and other communities also had important banking institutions. In the 1960s, professional major league sports were introduced in Atlanta and were important to the city's economy and its image as a major U.S. city. The other major service industry to reemerge in Georgia was tourism, which became a major engine driving Georgia's economy.

### Retail

Georgia cities have always been the center for retail business in Georgia. **Retail** includes all the stores through which consumers buy goods. Retail outlets grew as the population grew. In some areas, those changed from small, locally owned stores to large corporate-owned stores. By the 1950s, shopping centers in the suburbs began to emerge. (A **shopping center** is a group of retail and service stores, and often restaurants, that has common off-street parking.) By the 1970s, some shopping center areas were enclosed malls where consumers could shop in all kinds of weather. Both shopping centers and malls are still available for Georgia shoppers in the early 2000s.



**Above: Phipps Plaza, in the Buckhead area of Atlanta, was built in 1969, an early example of an enclosed mall. It was remodelled and expanded in the 1990s to keep pace with newer malls.**



**Above:** Another type of mall popular with bargain hunters is the outlet mall, where shoppers can buy directly from manufacturers. This shop is part of North Georgia Premium Outlets in Dawsonville.

## Something Extra!

In 2000, Aflac started an advertising campaign that made it even more successful—one that features the Aflac duck.

### Home Depot

Georgia is also the home of major retailers. One of the fastest-growing and largest is the Home Depot. Bernie Marcus and Arthur Blank opened a warehouse-type store that sold supplies for home improvements. Selling to both contractors in the house building and renovations business and to do-it-yourself customers, Home Depot built its reputation on customer service. Its employees have always been professionals in various areas of home repair and improvement who know their products and can provide customers with advice. Beginning with two Atlanta stores in 1979, the company has expanded to hundreds of stores all over the country.

### Banking and Insurance

One of the important aspects of Georgia's growth has been banking and insurance. Banks help finance businesses and other ventures, while insurance helps protect businesses and individuals from risk. Sun Trust Bank, Inc., has its headquarters in Georgia. Many of the older banks that were headquartered in Georgia have merged over time so their home offices are now in other places. For example, the Georgia Railroad Bank of Augusta merged with First Union of Charlotte, North Carolina. First Union

eventually merged with Wachovia; so did First Atlanta Bank. In the financial crisis that began in 2008, Wachovia became part of Wells Fargo, a giant banking corporation. Many towns also have small, locally founded banks.

### Synovus

One of the most successful Georgia-founded banking and financial institutions is Synovus in Columbus. It had its roots in other banks, including Columbus Bank and Trust Company. Under the leadership of James Blanchard, Sr. and Jr., father and son, the company grew to own about forty banks throughout the South. It also operates TSYS, a company that processes electronic payments. The Blanchards have established worker- and family-friendly policies that have made Synovus one of the "100 Best Companies to Work For" in the country, according to *Fortune* magazine.

### Aflac

Another Columbus-based company is the insurance giant Aflac (American Family Life Assurance Company). The company was founded in 1955 by the three Amos brothers—John, Paul, and William. It sold life insurance policies, and within one year had sold over six thousand policies. In 1958, the company began a new type of policy specifically for cancer. Over the years, it has added other kinds of policies. One of the most successful expansions of the company was selling insurance in Japan, which began in 1974. In the early twenty-first century, the company had over 40 million policies in force.

## Entertainment and Sports

Another significant area of economic growth for Georgia in the late 1900s was entertainment and sports.

### Turner Broadcasting

In 1960, young Georgian Ted Turner built his father's billboard company, Turner Advertising, into the largest billboard company in the United States. In 1964, he relocated to Atlanta, and in 1970 Turner bought his first television station, which he eventually named WTBS (for Turner Broadcasting).

In 1980, Turner launched his Cable News Network (CNN). That was followed by Headline News Network (HLN), Turner Network Television (TNT), Turner South, Sports South, Cartoon Network, and Turner Classic Movies (TCM). In 1996, Turner merged with Time Warner Corporation. Turner's enterprises brought jobs and money and made Atlanta an important world media center.

### Sports

Radio and television led to the rising popularity of another major economic booster for Georgia—professional sports. Fans who could not attend games in person could listen on radio to their favorite announcers calling the action as it happened or watch the action on television. Many sports fans wanted not only to watch or listen to games, but to enjoy the action at the events. Cities in the North and West already hosted major league professional teams in many sports. However, because being home to major league teams was expensive, minor league sports continued to dominate Georgia and the South for almost two decades after World War II.

That changed in the 1960s. Mayor Ivan Allen, Jr. believed Atlanta had to have professional sports to lead the Southeast. He had worked for years to bring a major league team to Atlanta. He finally convinced Atlanta business leaders to support the construction of Atlanta-Fulton County Stadium to host professional major league sports.

In 1966, the Braves baseball team played its first game in Atlanta. This was the first major league professional sports team not only in Georgia, but in the entire lower South. In the mid-1970s, Ted Turner bought the team and broadcast its games via satellite throughout the country on his "Superstation." He won many fans for the team. In the 1980s, the Braves even got the nickname "America's Team."

The main attraction for the Braves in the late 1960s and early 1970s was not a winning record. It was slugger Hank Aaron. In 1974, Aaron broke the



**Above:** Third-baseman Chipper Jones is a rarity among professional athletes in that he has spent his entire career with one team, the Atlanta Braves, starting in 1993. He holds the team record for home runs and is regarded as one of the best switch hitters (a player who can bat either right- or left-handed) in baseball history. He has established charitable foundations benefitting youth and is a strong supporter of the Cystic Fibrosis Foundation (Georgia Chapter).



**Top:** The Georgia Dome, home of the Atlanta Falcons, is the largest cable-supported domed stadium in the world. **Above:** The Atlanta Motor Speedway hosts two NASCAR Sprint Cup races every year.

home run record formerly held by Babe Ruth. By the end of his career, Aaron had hit 755, a record that stood until 2007. The Braves, however, were a losing team until the 1990s and early 2000s. It was then the team began a long winning streak that included division titles, several league championships, and, in 1995, becoming World Series champions.

In 1966, the Falcons football team came to Atlanta, playing its first game in the fall. This new expansion team was owned by Rankin Smith, executive vice president of the Life Insurance Company of Georgia. The Falcons were never an outstanding team in the early decades, but in 1999 they played in the Super Bowl. In the late 1980s, Smith threatened to move the team out of the state unless a new stadium was built for them. The result was the Georgia Dome, which now hosts not only the Falcons but other sporting events and large gatherings. In 2002, the estate of Rankin Smith sold the Falcons to Arthur Blank, owner of Home Depot, who has continued to make improvements for the team.

Atlanta became home to the Hawks basketball team in 1968. Ted Turner bought the team in the 1970s. Like the Braves, the Hawks came into their own in the 1990s. At the end of the 1990s, they began playing in the new Philips Arena. Philips Arena also became home to the Atlanta Thrashers, a new expansion team in professional ice hockey. In 1972, an earlier hockey team, the Atlanta Flames, tried to build an audience for the popular northern sport. After several years of low attendance, they left for Canada in 1980. But in the late 1990s, the National Hockey League allowed Ted Turner's TBS Company to establish the Thrashers. Until he sold to Time Warner, Turner owned three of the four major league professional sports teams in Atlanta.

Other professional sports also had an impact in the state. The largest sports audiences in the state appeared at auto racing events at the Atlanta Motor Speedway in Henry County, built in 1960 by Atlanta real estate developers. The sport was not immediately successful. In the 1990s, however, improvements were made to the track and the fan facilities. Racing fans from other parts of the country and from foreign countries come to watch the races, adding millions of dollars to the area's economy.

Another major professional sporting event is the Masters Golf Tournament held in Augusta every April. The tournament has been played every year since 1934, with the exception of the World War II years. In the postwar years, attendance grew. As with other sports, the Masters benefited from television. It was the first televised golf tournament. As the tournament grew in prestige, it attracted a national and an international audience and is now a revered event in the golf world. The economic impact, especially on the Augusta area, became and has remained significant.

## Tourism

Georgia's modern transportation system, along with the state's history, natural beauty, and hospitality also led to the development of what became, by the late twentieth century, the second-largest industry in the state—tourism. Georgia became a state that others wanted to visit.

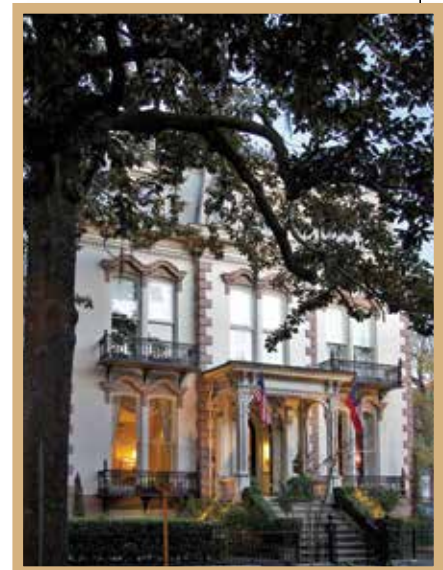
After World War II, visitors were usually on their way through the state as they headed for the sunny weather and resorts of Florida. Hotels, motels, gas stations, and restaurants catering to travelers dotted the highways of the state and the small towns along those highways. When the interstates were built, those small businesses often closed or relocated to the interstate interchanges. Truck stops also became fixtures along the interstates since they were the major roads used by truckers.

By the 1970s and 1980s, Georgia began state-funded efforts to attract conventions and tourists with a special agency dedicated to that purpose. Local communities started their own Convention and Visitors Bureaus to bring visitors to their towns.

Atlanta and other major cities built large convention facilities for meetings, exhibits, and other events. Atlanta can host conventions of thousands of people. Other cities around the state can bring in smaller groups.

In addition to conventions, Georgia attracts travelers from other states and from other nations to visit and vacation in the state. Georgians themselves travel around the state. Attractions include Georgia's beautiful natural environment such as the beaches and the mountains, as well as interesting historic and cultural sites.

The convention and tourism industry in Georgia has grown to have major economic impact in the state. Over two hundred thousand Georgians work in the businesses and organizations related to this service industry, which has an economic impact of almost \$30 billion. The industry also is an important source of tax revenue, not only for the state of Georgia, but for local communities who are able to collect hotel/motel room taxes.



**Top:** Georgia's Golden Isles, like Little St. Simons, are famous for their beaches. **Middle:** A young couple enjoys Savannah's colorful fountains. **Above:** Savannah's Hamilton-Turner Inn is housed in an 1873 mansion.



**Above:** Atlanta's Olympic Centennial Park is a legacy of the 1996 Olympic Games. Hosting the Olympic Games elevated Atlanta's status to that of a true world-class city. The games were marred by the explosion of a bomb in the park during a concert that killed two people and injured over 100.

## Something Extra!

Athletes from a record 53 nations won gold medals at the 1996 Summer Olympics in Atlanta.

In 1996, the state hosted one of the most significant events in the world—the Summer Olympic Games. In addition to the thousands of athletes and their families from around the world, two million visitors came to Atlanta for the games. The idea for bringing the Olympics to Georgia began with businessman Billy Payne. Atlanta Mayors Andrew Young and Maynard Jackson both supported Atlanta's Olympic bid. This was an especially important Olympics because it was the **centennial** (one-hundred-year) anniversary of the first modern Olympics held in 1896. It took six years to prepare for the games, which lasted from July 19 to August 4, 1996.

Not only did the Olympics bring millions of dollars, but it changed many aspects of Atlanta and other places in Georgia. Old sports arenas were repaired and brand new sports facilities were built including the Olympic Stadium, which is now Turner Field for the Atlanta Braves. Over 7,500 hotel rooms were added, and new restaurants were built. Roads were repaired and expanded. New technology such as traffic cameras and other systems were added to the interstate system. Olympic Centennial Park provided a beautiful green space in the city. Tourism in Atlanta increased, and the rebirth of the downtown area continued after the games were over. Atlanta became seen as a major international city.

### Reviewing the Section

1. Define: retail, centennial.
2. Describe how Ted Turner helped Atlanta and Georgia.
3. What effect did the Olympics have on Atlanta?

# Doing Business in Georgia

## Cable News Network (CNN)

**One of Georgia's contributions** to the modern world has been the innovation of the 24-hour, all-news television channel. The concept was the vision of Georgian Ted Turner, who was the owner of the already successful Turner Broadcasting Superstation. After more than two years of planning, CNN launched its first show on June 1, 1980, from its headquarters in Atlanta. Its emphasis was on news and not personalities. Having respected journalists such as Daniel Schorr reporting brought quality.

CNN was a risky venture. Many wondered who the audience would be for around-the-clock news. But Turner believed in the concept and was willing to use profits from his other broadcast enterprise to keep CNN afloat. In spite of the critics and the lack of profit in the first years, Turner persevered. By 1985, the channel began making money.

It also rose in both credibility and popularity. With twenty-four hours to fill, the channel could devote time to special shows on specific topics such as medical news. It introduced more of those types of shows throughout the 1980s. In 1982, CNN2, now known as Headline News, began. In 1984, CNN covered the entire conventions of both the Republicans and Democrats as they nominated their presidential candidates.

What really made CNN a household name was its breaking news coverage.

For example, in 1986, only CNN was covering the launch of the space shuttle *Challenger* when it tragically exploded. In 1991, only CNN was broadcasting from Iraq when the Desert Storm operation began against Saddam Hussein; its reporters were in a Baghdad hotel as the bombs began to fall. Even officials of the U.S. government watched CNN to follow the progress of their military. Ten years later, CNN was first to report that a plane had hit one of the World Trade Center towers on 9/11. CNN did so well that, by the mid-1990s, it had competition from other networks, including Fox News and MSNBC.

In 1995, Turner Broadcasting System was bought by Time Warner, which in turn merged with America Online (AOL) in 2001. Ted Turner remained involved as vice chairman of the board until he resigned in 2003.

CNN changed the world. It affected the way information is gathered and how it flows. CNN was an innovator in the globalization of news.



A panel of citizens prepares to give its opinion of current events at the CNN studios in Atlanta.



# Section 5

## Personal Finance

### As you read, look for:

- how personal finance decisions affect the economy,
- the benefits of investing,
- the use of credit,
- terms: **income, expenses, overdraft, interest, investment, certificate of deposit, stock, mutual fund, repossess.**



**Above:** In addition to keeping track of all the checks you write to avoid overdrafts, it is also important to double-check your bank statement every month to make sure that the bank has not made an error.

**You have seen how the economy of our state is affected** by the national and global markets. Our economy is also affected by the actions and decisions of individual citizens like you and me. Personal finance consists of the decisions individuals make in the management of their money. You may think the management of your own finances affects only you and your family. However, good or bad decisions not only help or hurt individuals, but, added together, they affect the overall economy of entire communities.

### Income and Expenses

The money that an individual acquires is called **income**. Income could come from a gift or prize, from earning money performing a specific task, from an allowance given by a parent or guardian, from earnings at a regular job, or from earnings from an investment. **Expenses** are the spending of some or all of that money for various purposes. Some income may be spent for basic goods or services. These can include food, clothing, shelter, transportation, and health care. Expenses can also be for *wants*—items or services not absolutely necessary, but desired. Examples of wants could include jewelry, games, movies, club memberships, or hobbies.

People with a steady income usually deposit some of their money in a *checking account* at a bank so they can pay their expenses. It is important to record all checks written, either on paper or online, and deduct the amount of each check from the balance (total amount) in the account. That way no check will be written for more money than is in the account. If a check is written for more than what is in the account, the bank will not pay the check. This is called an **overdraft**, or “bouncing a check.”

Overdrafts usually result in fees—one charged by the bank and one charged by the person or company to whom the check was written. A person working for \$10 an hour who bounced a check and had to pay fees of \$50 would have to work more than five hours just to pay the overdraft fees.

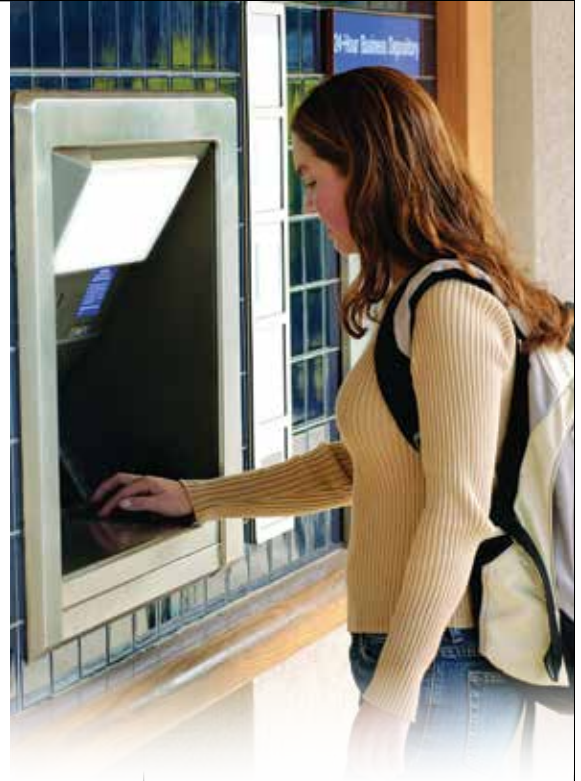
The best way to manage money is to have a budget, or plan, for how money will be used. The most important rule is that amounts for expenses should never be more than the amount of income. The first items in a budget should always be for necessary expenses. If there is any money left, some of that money can be used for other purposes.

## Saving and Investing

Saving and investing money means that rather than spending all income on goods or services now, some income is budgeted for something that will bring a *future* benefit or will earn more money. Saving should be part of any budget. The simplest saving method is through a *savings account*. A savings account usually pays a small amount of **interest** on the amount deposited. While the money is not being used, it is earning a small amount of money that is periodically added to the account. Saving can be important for several reasons. One is to provide an emergency fund for a job loss or other unexpected expenses such as expensive car repairs or medical bills. Financial managers recommend that a person have enough money saved to cover up to three months of expenses. Saving can also be a way of achieving a future goal. For example, many people save to buy a new car, pay for a college education, buy a new home, or take a vacation.

An **investment** is money spent on something with the goal of making a profit (more money). Financial investments involve putting money into things like stocks and bonds as a way to make money in the future. Real investment involves putting money into something physical such as equipment or real estate. Investments can be beneficial, but they can also be risky. For example, the value of property can go down if the market for it goes down. If a company does not make a profit, its stock can lose value. Some investments are safer than others. Safer investments do not earn as much profit, but they guard against loss. People need to think carefully about how much they can afford to risk when they invest.

One safe investment is a bank's **certificate of deposit** (CD). CD interest rates are usually higher than savings accounts. But the money must be left in the CD for the full time specified. For example, suppose a person bought a \$10,000 CD for one year with an interest rate of 3 percent. At the end of that year, the CD would be worth \$10,300. The interest rates on CDs and savings accounts depend on what is happening in the national economy. CDs are a safe investment because the money in them, just like money in checking and saving accounts, is insured up to a certain dollar amount by the Federal Deposit Insurance Corporation (FDIC).



**Above:** ATM machines have become a popular way to obtain cash from a checking account. Most banks charge a fee for an ATM transaction if your checking account is with another bank. Some banks even charge their own account-holders.

## Something Extra!

Most people prepare a budget based on the calendar year. Governments and businesses often work on a fiscal year that runs from July 1 to June 30.



**Above:** Stocks are traded on stock exchanges around the world. One of the most important is the New York Stock Exchange. The Dow Jones Industrial Average, often just called “the Dow,” tracks the prices of 30 of the largest American companies traded on the New York Stock Exchange.

## Something Extra!

The average American household with at least one credit card has nearly \$10,700 in credit-card debt, according to CardWeb.com, and the average interest rate runs in the mid- to high teens at any given time.

Another type of investment is a bond. Basically, the investor is lending money to the government or to a company. That loan will be paid back with interest on a specified date. U.S. Savings Bonds and U.S. Treasury Bills are bonds issued by the U.S. government. At the end of a specified period, investors will receive all the money they invested plus interest. Cities also issue municipal bonds, and school boards issue school bonds if they need money to make improvements to buildings or build new ones.

Stocks are another kind of investment. A corporation issues **stocks** (ownership shares in the company) to raise money. The investor who buys stock is actually buying a part of the company. If a company issues 100,000 shares of stock and you buy one of them, then you own 1/100,000th of the company and become a *shareholder*. Stocks can be very risky; if a company goes out of business, investors can lose everything they invested. On the other hand, stocks may bring the highest return on investment. If the company makes a large profit, then the investors get a portion of this profit, based on the number of shares of stock they own. An investor can also make money when

the price of the stock goes up. Selling the stock for more than the purchase price earns the investor a profit. It is important to research a company’s assets and its stability or to have a professional do that for a fee to ensure you are investing wisely.

Mutual funds are usually safer than individual stocks. A **mutual fund** pools the money from many investors and buys many different stocks and bonds. Because the money is spread out in different investments, the risk is also spread out. Mutual funds often include investments with different levels of risk. The stock of one of the companies in the fund might go down, but it is unlikely that every investment will go down. Mutual funds are managed by professionals, who charge investors a fee for managing their accounts.

All of these investments are ways of letting your money earn money for you. These investments are also good for the overall economy, because investment is what enables businesses to become established, to expand, and to grow. Banks use money from savings accounts and CDs to make loans to others to buy cars and houses or to start businesses. A healthy economy depends on all of these investments.

## Credit

As you learned earlier, credit is an arrangement by which a buyer can take possession of something now and pay for it in the future, usually with interest. Credit is an important part of the modern economy. Credit enables businesses to start up or expand. It allows families to buy homes and other products such as cars and furniture. All of this keeps the economy going by keeping money circulating. When people buy homes, builders get to build them or repair those already built. Builders buy supplies. Suppliers earn

money that they then spend on other things, keeping more people employed, and so on. Common forms of consumer credit include personal loans, mortgages, and credit cards.

Taking out a loan or buying something on credit can cause a financial hardship if a person borrows or spends too much. Payments on loans and credit cards are usually made monthly. So the monthly payments need to fit into a person's monthly budget. How much of a monthly payment a buyer can afford often affects what type of car or how big a house the buyer buys. Keep in mind that the lender keeps the title of a car or the deed to a house until the entire debt is paid. If the buyer misses payments or does not make payments, the lender can **repossess** (take back ownership of) the item.

Credit cards make it easy to purchase things, but it is also easy to buy too many things on credit. Credit card terms vary. Some credit card companies require you to pay the balance owed in full at the end of each billing period. Others allow you to make minimum payments each month, but the companies charge interest on the unpaid balance. Most credit cards also charge fees for late payments. It is best to pay the entire amount owed when the credit card bill arrives each month. Making just the minimum payment each month can lead to additional debt and can cause financial ruin. Over an extended period of time, the interest charges can add up to more than the value of the item that was purchased.

Making payments on time and in full is important to a person's *credit history*. Based on credit history, each individual earns a *credit score*. Financial institutions and businesses check credit scores to decide whether or not a person qualifies for a loan or a credit card and, if so, how much credit that person is able to get. Although the practice is controversial, insurance companies and potential employers often check credit histories to see if a person uses credit responsibly. People with poor credit histories and low credit scores may find it difficult or impossible to get additional credit. If they can get credit, it may be at higher interest rates.

Many of these aspects of personal finance may be in your future. Begin now to develop good financial habits. Saving for the future, investing wisely, buying only what you can afford, and building a good credit history will be important to your quality of life. Good financial decisions are important to communities, the state, and the country. Poor financial decisions can affect the entire economy. Companies lose money, people lose jobs, and everyone suffers.



**Above:** Credit cards are convenient, but they can be very costly if you buy more things with them than you can afford to pay for each month. In the past, students in particular have been targeted by credit card companies even though they usually have little or no income. Recent laws regulating the practices of credit card companies have prohibited giving cards to people under 21 unless they can prove that they have the means to pay.

### Reviewing the Section

1. Define: interest, investment, stock.
2. Name some ways you can invest your money.
3. Why is having a good credit history important?

# Chapter Review

## Chapter Summary

### Section 1 Transportation

- The 1956 Federal Highway Act provided federal funding for construction of an interstate highway system.
- Today there are just two major rail freight carriers in Georgia: CSX and Norfolk Southern.
- The Georgia Ports Authority oversees the deepwater ports of Brunswick and Savannah.
- The state's major airport is Hartsfield-Jackson Atlanta International Airport. It is the busiest passenger airport in the world.
- Hartsfield-Jackson Airport is a hub for Delta Airlines, which relocated to Atlanta in 1941.

### Section 2 Agriculture

- Farming in Georgia has become more mechanized and its crops became more diverse.
- Georgia's agricultural economy also includes animals. Today, Georgia is the nation's leader in broilers and broiler processing.

### Section 3 Manufacturing

- Mining of granite, marble, and kaolin play a significant role in Georgia's economy.
- Georgia's timber is used not only for boards, but also for paper and paper products.
- Georgia's textile industry has found it difficult to compete against cloth made overseas.
- The manufacture of tufted textiles—carpet—is important to Georgia's economy. The four major carpet companies are located in Georgia.
- Much of the labor force for the broiler and carpet industry consists of immigrants from Mexico and other Latin American countries.

- The Cold War benefited Georgia's economy because the state kept its military bases and got back the defense industry.

### Section 4 Service

- By the late twentieth century, a majority of jobs in the state were in the services industry.
- Important businesses in the services industry include Synovus, Aflac, Home Depot, and Turner Broadcasting.
- Atlanta is home to professional baseball, football, basketball, and ice hockey teams. Auto racing at the Atlanta Motor Speedway and the Masters Golf Tournament are also important to the state.
- Tourism has provided a major boost to Georgia's economy. The industry is an important source of tax revenue for the state and local communities.
- In 1996, Atlanta hosted the Summer Olympic Games. The Olympics brought in millions of dollars and changed many aspects of Atlanta and other places in Georgia.

### Section 5 Personal Finance

- Our economy is also affected by the decisions individuals make to manage their money.
- Income is money that an individual acquires, and expenses are the spending of some or all of that money.
- Four important areas of personal finance are budgeting, saving, investing, and credit.
- Planning and following a budget is the best way to manage money.
- Savings should be part of any budget. It can provide emergency funds or a way to achieve future goals.

- An investment is money spent on something with the goal of making a future profit. Financial investments include certificates of deposit, stocks, bonds, and mutual funds. Real investments involve putting money into something physical such as equipment or real estate.
- Investments help the overall economy because they enable businesses to become established, expand, and grow.
- Credit is a major part of our economy, but one that can easily get out of hand. Making payments on time and in full is important for a good credit history.
- A good credit history allows you to qualify for future credit and lower interest rates.



### Understanding the Facts

1. Define *free enterprise* and explain why it is important to the economy of the United States.
2. Describe significant changes in the agricultural basis of Georgia following World War II.
3. Compare and contrast some of the earlier economic drivers of Georgia's economy (agriculture and manufacturing) to some of the later arrivals such as Turner Broadcasting, CNN, and professional sports teams.
4. What are the benefits of having a good credit history?



### Developing Critical Thinking

Georgia enjoys a wide range of natural resources as well as highly developed transportation systems to enable our economy. List the major areas of employment throughout our state. Why is it important to have a variety of economic “generators” supporting an economy?



### Writing Across the Curriculum

Businesses of all types are vital to the continued growth and success of Georgia's economy. Write a letter of invitation to an employer in your community. Invite a leader of the company to come to your classroom and discuss his or her company and the business they engage in.



### Extending Reading Skills

Read the section entitled “Personal Finance” on pages 672-675. Make a summarizing chart like the one on page 602 to record information on personal money management choices in terms of income, spending, credit, saving and investing. Then, write a summary from the information you collect.



### Exploring Technology

Go to website [money.cnn.com/data/markets](http://money.cnn.com/data/markets) and choose a category of stocks, such as food, retail, or technology. Click on that category, and then choose a specific stock from those listed. Return to this website every day for the next three weeks and record the day's stock price. After three weeks of collecting data, make a graph to illustrate the data.



### Practicing Your Skills

The geographic location of Georgia in relation to the southeastern United States makes it an important crossroads in the region. Use a modern map of Georgia to evaluate the combination of interstates/highways, major airports, railways, and seaports to support the transport of goods nationally and internationally.