FISCAL RESEARCH CENTER

A HISTORICAL PERSPECTIVE OF GEORGIA'S ECONOMY

Mary Mathewes Kassis
David Boldt

Georgia State University
ANDREW YOUNG SCHOOL OF POLICY STUDIES

A HISTORICAL PERSPECTIVE OF GEORGIA'S ECONOMY

Mary Mathewes Kassis
David Boldt

Fiscal Research Center
Andrew Young School of Policy Studies
Georgia State University
Atlanta, GA

FRC Report No. 100
February 2005

Acknowledgments

The authors would like to thank Julia Meski for her hard work in collecting data for this report.

Table of Contents

Acknowledgements ii

Executive Summary iv

Introduction 1

The Georgia Economy Since WWII 2

The Two Georgia Economies 16

Conclusions 25

Bibliography 28

Executive Summary

This report examines the changes in Georgia's economy since the end of World War II. In 1945 the state's economy was largely dependent on agriculture and nondurable manufacturing, but by the end of the century the economy had developed into a more diversified service-based economy. During this time period, payroll employment in Georgia grew at an average annual rate of 3.1 percent, which was considerably faster than the 2.2 percent growth in payrolls experienced nationally and slightly faster than the 3.0 percent gains in the Southeast region. Growth in per capita income in Georgia has also been strong. Although per capita income in the state remained below the national average in 2000, it improved its relative position from 71 percent of the national average in 1945 to over 94 percent of the national average in 2000.

In addition to the rapid growth in the number of jobs, there has also been a change in the composition of employment by industry in Georgia since World War II. In 1950 over 21 percent of Georgians were employed in the agricultural sector, but by 2000 farming only accounted for 1.4 percent of jobs. Then importance of the manufacturing sector also declined during this time period. In 1945 manufacturing jobs accounted for 38.5 percent of nonagricultural employment in both Georgia and the U.S. By 2000, manufacturing jobs accounted for less than 15 percent of nonagricultural employment in Georgia and the nation, but throughout the post-WWII period Georgia has had a much higher concentration of manufacturing jobs in the lower wage nondurable sector than the nation. As the importance of manufacturing was declining in Georgia and the nation, the percentage of jobs in the service sector began to grow. In 1945, the service sector accounted for less than 10 percent of nonagricultural payrolls in Georgia and the U.S. Nationally, service employment began to grow in importance in the 1960s and by 2000 service jobs made up about 31 percent of nonagricultural employment. Georgia did not begin to experience strong growth in the proportion of jobs in the service sector until the 1970s, but by 2000 the service sector accounted for about 28 percent of nonagricultural jobs.

A Historical Perspective of Georgia's Economy

Focusing on statewide averages is useful when comparing the Georgia economy to the national economy, but it does not provide a clear picture of the economic differences between regions of the state. While the state has experienced tremendous economic growth since the end of World War II, the benefits of this economic growth have not been shared equally by the different regions of the state. The Atlanta economy has grown rapidly in the post-WWII period, but the rest of the state has not been able to match this rapid pace of growth, resulting in a gap between the economic fortunes of Atlanta and the rest of Georgia. In 1970, the earliest year that MSA level data is available, Atlanta's per capita income was about equal to the national average while the rest of the state had a per capita income that was only 71.9 percent of the national average. Since 1970, the average growth rate of per capita income has been faster in Atlanta than in the rest of the state, causing the gap between Atlanta and Non-Atlanta to grow wider. In 2000, per capita income in Atlanta had risen to 113 percent of the national average while per capita income in the rest of the state had increased to 76 percent of the national average. Although both Atlanta and Non-Atlanta have experienced a relative decline in the importance of the manufacturing sector along with growth in the service economy, Atlanta remains less dependent on manufacturing activities and its production jobs are more concentrated in the higher wage durable goods sector. Areas of the state outside of Atlanta continue to be more dependent on farming and government jobs.

Although much attention has been focused on the differences between the economies of Atlanta and the rest of the state over the past 30 years, the gap between Atlanta and the rest of the state in terms of per capita income has actually widened. Rural Georgia and the smaller metropolitan areas face a tremendous challenge in trying to close this gap. In the face of international competition the old economic development approach of attracting labor intensive, low wage industry no longer appears to be viable, and no single economic development approach has replaced this traditional strategy in rural areas. However, the Atlanta area faces its own challenges such as urban sprawl, pollution, and infrastructure limitations that may hinder future growth.

A Historical Perspective of Georgia's Economy

Introduction

Since the end of WWII, the Georgia economy has transformed from an economy dependent on agriculture and nondurable manufacturing to a more diverse service-based economy. As Charles F. Floyd pointed out in his 1985 article "The 'Two Georgias' Problem," the benefits of this economic growth have not been shared equally among the regions of the state. While the Atlanta economy grew rapidly, the rest of the state has not been able to match this rapid pace of growth, resulting in a gap between the economic fortunes of Atlanta and the rest of the state. Although there has been a great deal of discussion about this "Two Georgias" problem since Floyd's article was published[1], there has not been much progress in closing the economic gap between Atlanta and the non-Atlanta regions of the state. This paper will examine the changes in the structure of the Georgia economy since the end of WWII. The first section will look at the changes in Georgia's economy over time and compare the state to the Southeast region and the rest of the nation. The following section looks at the differences between the Atlanta area and the rest of the state and how these regions have changed since 1945. The paper concludes with a discussion of the differences in the development paths of Atlanta and the rest of the state since WWII.

[1] Another researcher, Albert W. Niemi, Jr. (1986) felt the "Two Georgias" problem was overstated. While acknowledging an economic gap between Atlanta and non-Atlanta Georgia, King and Avery (1988) view the two regions of the state as "interdependent." Thus public policy strategies should be designed to enhance the well-being of the entire state, not just a particular region. According to these researchers, the most effective approach to "closing the gap" would be to focus on promoting a well-educated and well-trained workforce.

The Georgia Economy Since WWII

Georgia has experienced tremendous economic growth since 1945. Nonagricultural payroll employment grew at an average annual rate of 3.1 percent between 1945 and 2000. This is considerably faster than the 2.2 percent growth of payrolls for the nation as a whole and slightly faster than the 2.95 percent gains experienced by the Southeast region[2]. Table 1 shows the average annual growth rate of payroll employment in five-year intervals since 1945. Employment in Georgia has grown at a faster rate than the nation in all of the time periods since 1950 and at least as fast as the Southeast since 1975.

TABLE 1: AVERAGE ANNUAL GROWTH RATE OF NON-AGRICULTURAL PAYROLL EMPLOYMENT

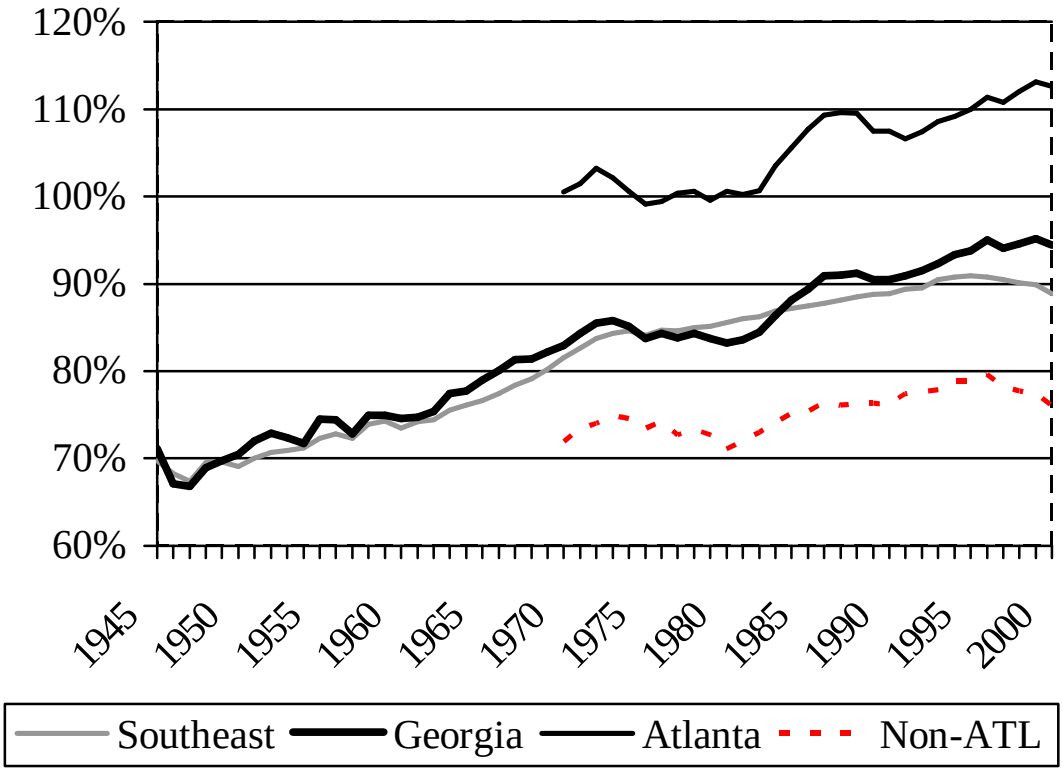
	Georgia	United States	Southeast	Atlanta	Non-Atlanta
1945-1950	2.1%	2.3%	2.8%	NA	NA
1950-1955	3.5%	2.3%	2.8%	4.5%	3.1%
1955-1960	1.8%	1.4%	2.3%	NA	NA
1960-1965	3.6%	2.3%	3.4%	5.2%	2.8%
1965-1970	4.4%	3.1%	4.1%	NA	NA
1970-1975	2.4%	1.7%	3.2%	2.7%	2.2%
1975-1980	4.2%	3.3%	4.0%	NA	NA
1980-1985	3.5%	1.5%	2.1%	4.7%	2.5%
1985-1990	3.1%	2.4%	3.1%	NA	NA
1990-1995	2.6%	1.4%	2.1%	3.5%	1.6%
1995-2000	3.0%	2.4%	2.5%	3.7%	2.2%

Source: United States Department of Labor, Bureau of Labor Statistics. Data for Non-Atlanta were calculated by the authors.
Note: The definition of the Atlanta MSA changes over time leading to discontinuities in the data in 1956, 1970, 1978 and 1988. Therefore growth rates were not calculated over these time periods.

Growth in per capita personal income in Georgia also has been strong as shown in Chart 1. Between 1945 and 2000, national per capita income grew at an average annual rate of 5.95 percent while Georgia's per capita income grew 6.5 percent a year over this same time period. Although the state's per capita income

[2] The Southeast is defined using the BEA regional definition as the 12 state area that includes Alabama, Arkansas, Florida, Georgia, Kentucky, Louisiana, Mississippi, North Carolina, South Carolina, Tennessee, Virginia, and West Virginia.

CHART 1: PERCENT OF U.S. PER CAPITA INCOME



Source: United States Department of Commerce. Bureau of Economic Analysis. Data for Non-Atlanta were calculated by the authors.
Note: Atlanta is defined using the 20-county MSA definition in all time periods.

remained below the national average in 2000, its position improved during the last half of the 20th century, moving from just 71 percent of the national average in 1945 to over 94 percent of the national average in 2000. Georgia also gained relative to the other states in the Southeast. In 1945, per capita income in Georgia was only modestly higher than for the region as a whole (71 percent of the national average versus 70 percent). Although both Georgia and the Southeast gained relative to the nation over the next 55 years, Georgia's per capita income grew more rapidly than the region's. Georgia's per capita income was over 94 percent of the national average in 2000 compared to slightly less than 89 percent of the national average for the region.

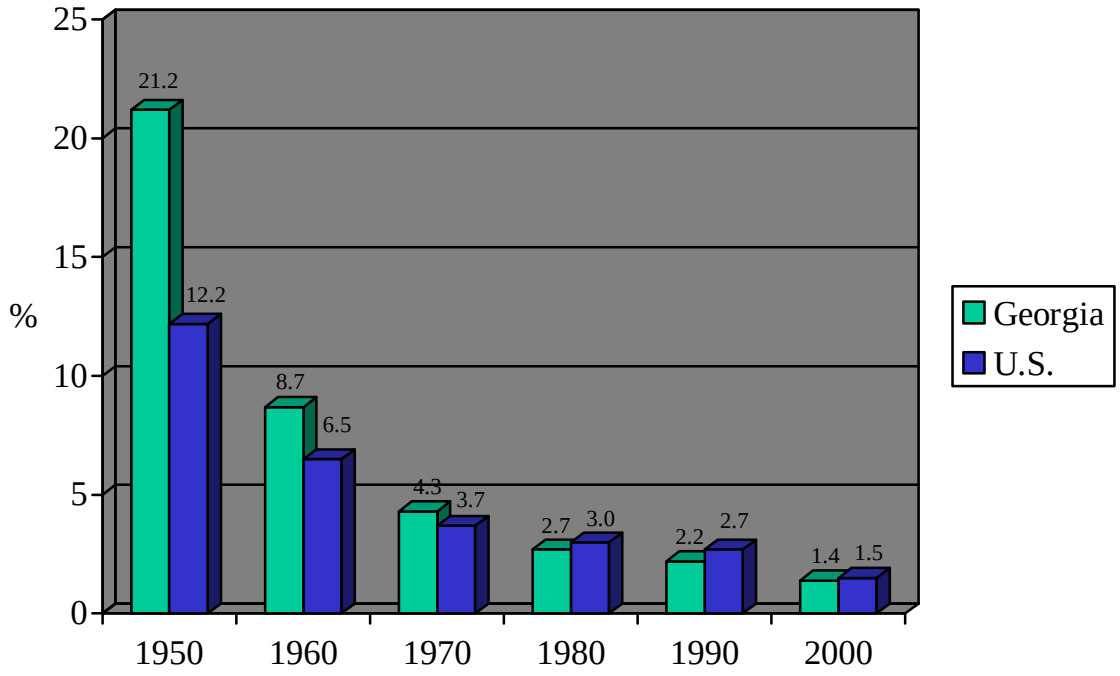
A striking feature of the economy of Georgia and the Southeast since WWII has been the steady relative decline of agriculture. At the end of the War, the farming sector played a more important role in Georgia and the Southeast than in the nation as a whole. Table 2 shows farm earnings as a percent of total personal income. In 1945, farm income accounted for 13.3 percent of the state's total personal income and 13.9 percent of the region's personal income compared to a national average of 8.9 percent. By 2000, the importance of the farm sector in both the region and the state more closely resembled the national average. Farm income only accounted for about 0.7 percent of total personal income earned in the state and 0.6 percent of total personal income in the Southeast in 2000 compared to 0.5 percent for the nation as a whole. The pattern for agricultural employment in Georgia mirrors that of agricultural income. As Chart 2 illustrates, over 21 percent of Georgians were employed in agriculture in 1950. Fifty years later, agriculture's share of employment had fallen to 1.4 percent. Nationally, agriculture accounted for 12.2 percent of jobs in 1950. In 2000, farming accounted for only 1.5 percent of employment. Mechanization of cotton harvesting accounted for the largest share of the significant loss of agricultural jobs in Georgia during the 1950s.

TABLE 2: FARM EARNINGS AS A PERCENT OF TOTAL PERSONAL INCOME

	Georgia	U.S.	Southeast	Atlanta	Non-Atlanta
1945	13.3%	8.9%	13.9%	NA	NA
1950	10.0%	7.2%	11.2%	NA	NA
1955	6.6%	4.5%	8.2%	NA	NA
1960	5.1%	3.5%	5.5%	NA	NA
1965	4.1%	3.0%	4.2%	NA	NA
1970	2.7%	2.2%	3.0%	0.4%	4.8%
1975	2.5%	2.3%	2.5%	0.4%	4.4%
1980	0.1%	0.9%	1.0%	0.1%	0.1%
1985	1.0%	0.9%	1.0%	0.2%	1.9%
1990	1.0%	0.9%	1.0%	0.2%	2.1%
1995	1.1%	0.6%	0.9%	0.1%	2.3%
2000	0.7%	0.5%	0.6%	0.1%	1.6%

Source: United States Department of Commerce, Bureau of Economic Analysis. Data for Non-Atlanta were calculated by the authors.
Note: Atlanta is defined using the 20-county MSA definition in all time periods.

CHART 2: SHARE OF TOTAL EMPLOYMENT IN AGRICULTURE IN GA AND THE U.S.



Source: U.S. Census Bureau, Census of Population for Georgia and U.S. Summary (1950, 1960, 1970, 1980, 1990, 2000).
Note: Data for 1950 and 1960 refer to population 14 and above. Data for 1970 and later refer to population 16 or above.

During this period of rapid growth in the number of jobs, there were also changes in the composition of employment by industry outside of the agricultural sector[3]. Tables 3, 4 and 5 show the percentage of total nonagricultural payrolls by industry for Georgia, the United States, and the Southeast from 1945 to 2000. At the end of WWII, the composition of payroll employment in Georgia was more similar to the nation than to the Southeast. The biggest differences between Georgia and the nation were in the mining and government sectors. Mining employment accounted for about 0.5 percent of the total jobs in Georgia at the end of the War, compared to a little more than 2 percent of national payrolls. This difference reflects the fact that Georgia did not have any significant activity in either the oil or coal industries.

[3] All industries are defined based on the 1987 Standard Industrial Classification System.

TABLE 3: GEORGIA – EMPLOYMENT BY INDUSTRY AS A PERCENT OF TOTAL NON-AGRICULTURAL PAYROLLS

	1945	1950	1955	1960	1965	1970	1975	1980	1985	1990	1995	2000
Manufacturing	38.5%	35.6%	35.0%	32.5%	32.1%	30.0%	25.0%	24.0%	21.7%	18.8%	17.3%	14.8%
Durable Goods	NA	10.5%	11.6%	9.8%	10.7%	10.1%	7.9%	8.4%	8.6%	7.1%	6.8%	6.5%
Nondurable Goods	NA	25.0%	23.3%	22.6%	21.4%	19.8%	17.1%	15.7%	13.1%	11.6%	10.4%	8.3%
Mining	0.5%	0.5%	0.5%	0.6%	0.5%	0.5%	0.4%	0.4%	0.3%	0.3%	0.2%	0.2%
Construction	3.0%	5.2%	5.5%	5.4%	5.9%	5.2%	5.0%	4.9%	5.6%	4.9%	4.5%	5.1%
Trans. & Public Utilities	9.6%	8.4%	7.4%	6.9%	6.6%	6.8%	6.5%	6.5%	6.3%	6.7%	6.4%	6.7%
Trade	18.2%	21.6%	21.6%	21.6%	21.2%	21.8%	22.6%	23.1%	25.0%	24.9%	25.2%	24.5%
Wholesale Trade	NA	NA	NA	6.2%	6.1%	6.3%	6.9%	7.3%	7.6%	7.2%	6.7%	6.4%
Retail Trade	NA	NA	NA	15.2%	14.9%	15.2%	15.6%	15.8%	17.4%	17.7%	18.5%	18.1%
FIRE	2.6%	3.5%	4.1%	4.6%	4.8%	5.0%	5.5%	5.2%	5.3%	5.5%	5.1%	5.2%
Services	9.4%	10.4%	10.3%	10.6%	11.1%	11.7%	14.8%	16.0%	18.3%	21.2%	24.6%	28.4%
Government	18.2%	15.0%	15.6%	17.7%	17.7%	19.1%	20.2%	19.9%	17.5%	17.8%	16.8%	15.1%
Federal	NA	5.6%	6.3%	5.9%	5.5%	5.2%	4.5%	4.0%	3.7%	3.5%	NA	NA
State and Local	NA	9.3%	9.3%	11.8%	12.2%	13.9%	15.7%	15.9%	13.8%	14.3%	NA	NA

Source: United States Department of Labor, Bureau of Labor Statistics.

TABLE 4: U.S. – EMPLOYMENT BY INDUSTRY AS A PERCENT OF TOTAL NON-AGRICULTURAL PAYROLLS

	1945	1950	1955	1960	1965	1970	1975	1980	1985	1990	1995	2000
Manufacturing	38.5%	33.7%	33.3%	31.0%	29.7%	27.3%	23.8%	22.4%	19.8%	17.4%	15.8%	14.0%
Durable Goods	22.6%	17.8%	18.8%	17.4%	17.1%	15.8%	13.9%	13.4%	11.8%	10.2%	9.1%	8.5%
Nondurable Goods	15.9%	15.9%	14.6%	13.6%	12.7%	11.6%	10.0%	9.0%	8.0%	7.3%	6.7%	5.6%
Mining	2.1%	2.0%	1.6%	1.3%	1.0%	0.9%	1.0%	1.1%	1.0%	0.6%	0.5%	0.4%
Construction	2.8%	5.2%	5.6%	5.4%	5.3%	5.1%	4.6%	4.8%	4.8%	4.7%	4.4%	5.1%
Trans. & Public Utilities	9.7%	8.9%	8.2%	7.4%	6.6%	6.4%	5.9%	5.7%	5.4%	5.3%	5.2%	5.3%
Trade	18.1%	20.8%	20.8%	21.0%	20.9%	21.2%	22.2%	22.5%	23.7%	23.6%	23.5%	23.0%
Wholesale Trade	4.8%	5.8%	5.8%	5.8%	5.7%	5.7%	5.8%	5.9%	5.9%	5.6%	5.4%	5.3%
Retail Trade	13.3%	14.9%	15.0%	15.2%	15.2%	15.6%	16.4%	16.6%	17.8%	17.9%	18.1%	17.7%
FIRE	3.7%	4.2%	4.5%	4.8%	4.9%	5.1%	5.4%	5.7%	6.1%	6.1%	5.8%	5.8%
Services	10.5%	11.9%	12.3%	13.6%	14.9%	16.3%	18.1%	19.8%	22.5%	25.5%	28.3%	30.7%
Government	14.7%	13.3%	13.7%	15.4%	16.6%	17.7%	19.1%	18.0%	16.8%	16.7%	16.5%	15.7%
Federal	7.0%	4.3%	4.3%	4.2%	3.9%	3.9%	3.6%	3.2%	3.0%	2.8%	2.4%	2.1%
State and Local	7.8%	9.1%	9.3%	11.2%	12.7%	13.9%	15.5%	14.8%	13.9%	13.9%	14.1%	13.6%

Source: United States Department of Labor, Bureau of Labor Statistics.

TABLE 5: SOUTHEAST - EMPLOYMENT BY INDUSTRY AS A PERCENT OF TOTAL NON-AGRICULTURAL PAYROLLS

	1945	1950	1955	1960	1965	1970	1975	1980	1985	1990	1995	2000
Manufacturing	34.6%	30.9%	30.6%	29.3%	29.4%	28.4%	24.4%	23.0%	20.7%	18.6%	16.9%	14.3%
Durable Goods	N/A	N/A	N/A	N/A	N/A	N/A	10.2%	10.3%	9.7%	8.7%	8.2%	7.6%
Nondurable Goods	N/A	N/A	N/A	N/A	N/A	N/A	14.2%	12.7%	10.9%	9.8%	8.7%	6.6%
Mining	4.2%	4.0%	2.6%	2.1%	1.7%	1.4%	1.5%	1.5%	1.1%	0.8%	0.5%	0.4%
Construction	3.6%	6.0%	6.1%	6.3%	6.7%	6.1%	5.8%	5.9%	5.9%	5.3%	4.9%	5.4%
Trans. & Public Utilities	9.8%	8.8%	7.9%	7.2%	6.4%	6.3%	5.8%	5.8%	5.5%	5.4%	5.3%	5.5%
Trade	17.5%	21.0%	21.4%	21.3%	20.6%	20.4%	21.6%	22.0%	23.7%	23.9%	23.9%	23.5%
Wholesale Trade	N/A	N/A	N/A	N/A	N/A	N/A	5.5%	5.6%	5.6%	5.4%	5.2%	5.1%
Retail Trade	N/A	N/A	N/A	N/A	N/A	N/A	16.1%	16.4%	18.1%	18.6%	18.7%	18.5%
FIRE	2.4%	3.1%	3.8%	4.2%	4.3%	4.4%	4.9%	4.9%	5.2%	5.2%	4.9%	5.1%
Services	10.2%	11.1%	11.4%	12.4%	13.1%	14.1%	16.0%	17.3%	19.9%	23.1%	26.4%	29.5%
Government	17.7%	15.2%	16.1%	17.2%	17.8%	19.0%	19.9%	19.5%	18.0%	17.7%	17.1%	16.2%
Federal	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	3.3%	3.1%	2.6%	2.3%
State and Local	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	14.7%	14.6%	14.5%	14.0%

Calculated using Bureau of Labor Statistics data.

Federal, state and local government jobs accounted for 18.2 percent of Georgia payrolls but only 14.7 percent of jobs at the national level. The big difference between the Southeast region compared to Georgia and the U.S. was in the importance of manufacturing and mining. The Southeast region was less manufacturing intensive than Georgia or the United States and mining was more important for the region due to the impact of the oil and natural gas industry along the Gulf Coast and the coal industry in West Virginia.

In 1945 manufacturing jobs accounted for 38.5 percent of total jobs in both Georgia and the U.S compared to 34.6 percent for the Southeast region. Although the percentage of total jobs that were in the manufacturing sector was the same for the state and the nation, the breakdown of manufacturing jobs between the durable goods and nondurable goods sectors was very different. Table 6 shows the percentage of manufacturing employment in the durable goods and nondurable goods sectors for Georgia and the U.S. In 1947 (the first year this breakdown was available at the state level) approximately 70 percent of the manufacturing jobs in Georgia were in nondurable goods industries while only 46 percent of manufacturing jobs at the national level were in the nondurable goods sectors. Many of these nondurable jobs were in the textile mill sector, reflecting the importance of cotton mills and the early stages of the carpet industry in Georgia. The fact that Georgia had a higher percentage of jobs in nondurable manufacturing is significant because nondurable goods jobs tend to pay lower wages than jobs in the durable goods sector (See Table 7). Hourly earnings in the manufacturing sector in Georgia have been lower than the national average throughout the post-war period. This is, in part, a reflection of the state's concentration of jobs in the low wage nondurable goods sector. However, even when the data is broken down by sector, the average wage in Georgia is below the national average in both the durable goods and nondurable goods sectors. This indicates that manufacturing workers in Georgia made less than their national counterparts regardless of whether they worked in the durable goods sector or the nondurable goods sector.

TABLE 6: PERCENT OF MANUFACTURING PAYROLLS BY SECTOR

	----------Georgia----------		------United States------		---------Southeast--------	
	Durable Goods	**Nondurable Goods**	**Durable Goods**	**Nondurable Goods**	**Durable Goods**	**Nondurable Goods**
1945	NA	NA	58.7%	41.3%	NA	NA
1950	29.5%	70.3%	52.9%	47.1%	NA	NA
1955	33.3%	66.5%	56.3%	43.7%	NA	NA
1960	30.3%	69.5%	56.1%	43.9%	NA	NA
1965	33.2%	66.6%	57.4%	42.6%	NA	NA
1970	33.7%	66.0%	57.7%	42.3%	NA	NA
1975	31.6%	68.4%	58.2%	41.8%	41.9%	58.1%
1980	34.9%	65.2%	59.9%	40.1%	44.8%	55.2%
1985	39.5%	60.5%	59.5%	40.5%	47.1%	52.9%
1990	38.1%	61.9%	58.2%	41.8%	47.1%	52.9%
1995	39.5%	60.5%	57.7%	42.3%	48.7%	51.3%
2000	43.8%	56.2%	60.3%	39.7%	53.4%	46.6%

Calculated using Bureau of Labor Statistics data.

TABLE 7: HOURLY EARNINGS IN MANUFACTURING BY SECTOR – GEORGIA AND THE U.S. (IN DOLLARS)

	-----Manufacturing----		-----Durable Goods----		--Nondurable Goods--	
Year	**U.S.**	**Georgia**	**U.S.**	**Georgia**	**U.S.**	**Georgia**
1950	1.44	1.08	1.45	1.02	1.30	1.11
1955	1.85	1.34	1.98	1.44	1.68	1.28
1960	2.26	1.66	2.42	1.80	2.05	1.60
1965	2.61	2.01	2.78	2.25	2.36	1.89
1970	3.35	2.67	3.55	2.99	3.08	2.52
1975	4.83	3.80	5.15	4.35	4.37	3.55
1980	7.27	5.77	7.75	6.53	6.56	5.37
1985	9.54	8.10	10.09	9.14	8.72	7.41
1990	10.83	9.17	11.35	9.82	10.12	8.79
1995	12.37	10.71	12.94	11.44	11.58	10.24
2000	14.37	12.99	14.82	13.85	13.68	12.32

Source: United States Department of Labor, Bureau of Labor Statistics.
Note: All US data and GA manufacturing data for all years and GA Durable and Nondurable data for 1975-2000 are from www.bls.gov/data/archived.htm. Georgia Durable and Nondurable data for 1950-1970 are from the Georgia Statistical Abstract (1963 and 1976).

The breakdown of payrolls for other industrial sectors was similar for Georgia, the Southeast, and the U.S. in 1945. About 3 percent of payrolls for Georgia, the region, and the nation were in the construction sector while transportation and public utilities accounted for over 9 percent of employment. Wholesale and retail trade made up about 18 percent of jobs. Georgia and the Southeast had a slightly smaller percentage of employment in the financial sector than the nation, 2.6 percent for the state and 2.4 percent for the region compared to 3.7 percent for the U.S. The service sector was relatively small in all three areas in 1945, accounting for about 10 percent of jobs.

Over the next twenty-five years, the percentage of employment in manufacturing declined for Georgia, the Southeast, and the nation, although the decline was more rapid at the national level. By 1970, only 27.3 percent of all jobs in the United States were in the manufacturing sector. In Georgia, manufacturing still accounted for 30 percent of employment while 28 percent of jobs in the region were in manufacturing. Georgia's manufacturing jobs remained heavily concentrated in the lower-paying nondurable goods sector. In 1970 two out of every three manufacturing jobs in Georgia were in nondurable industries. Nationally only 42 percent of manufacturing jobs were in nondurables. The concentration of employment in the nondurables sector reflects the strong growth in the state's carpet, apparel, and poultry processing industries during this time period.

At the same time that the importance of manufacturing was declining, the percentage of jobs in the service sector began to increase. Nationally the percentage of jobs in the service sector had increased to 16.3 percent by 1970 while the percent for the region rose to 14.1 percent. The gains in the service sector were more modest at the state level. In 1970, service jobs represented only 11.7 percent of all Georgia jobs. The increase in the relative importance of the service sector at both the national and state level reflects the rapid growth in demand for services that resulted from strong growth in income. As real income levels in the U.S. grew following World War II the demand for services grew much more rapidly than the demand for manufactured goods.

In the years immediately following World War II, the percentage of jobs in the government sector declined. However, by 1970 the percentage of government jobs exceeded their 1945 levels in Georgia, the Southeast, and the United States as a whole. Georgia continued to have a higher percentage of government jobs than the national average, with 19.1 percent of total workers in federal, state and local government jobs while nationally the percentage was 17.7 percent. This reflects strong growth in the state and local government sectors in Georgia, where the number of jobs almost tripled between 1950 and 1970. The Southeast region also remained more government-intensive than the nation, with 19 percent of payrolls in the government sector.

The decline in the percentage of jobs in manufacturing continued at the national, regional, and state levels during the 1970s, 1980s and 1990s. By 2000, less than 15 percent of all jobs in Georgia, the Southeast and the U.S. were in manufacturing. Georgia manufacturing employment still remained more heavily concentrated in nondurable industries than the national or regional average. However, by 2000 only 56 percent of all Georgia manufacturing jobs were in nondurable goods industries. Although this is much larger than the 40 percent national average or the 47 percent regional average, this is down significantly from 70 percent of all manufacturing jobs in the late 1940s and early 1950s. This drop was mainly the result of the sharp decline in the number of apparel jobs in Georgia as foreign competition forced many plants to shut down or move offshore. Employment in textile mill products also declined between 1970 and 2000. At the same time employment in transportation equipment including automobiles and airplanes increased in Georgia as did the number of jobs in industrial machinery and lumber and wood production, resulting in a larger share of manufacturing jobs in durable goods industries.

Georgia began to follow the national trend of strong gains in the proportion of jobs in the service sector in the 1970s, and the importance of services continued to grow in Georgia, the Southeast, and the nation throughout the rest of the century. By 2000, 28 percent of all jobs in Georgia and almost 30 percent of jobs in the Southeast were in the service sector. Nationally, service jobs made up about 31 percent of

payrolls in 2000. During the fifty-five years since the end of WWII, the relative importance of manufacturing and services had essentially reversed as Georgia transformed from a goods-producing to a service-based economy.

The percentage of jobs in wholesale and retail trade also increased between 1970 and 2000. The gains in the trade sector were greater for Georgia than for the nation as a whole. In 1970 trade jobs accounted for about 21 percent of total payrolls both for the state and the nation. By 2000 almost one quarter of jobs in the state were in the trade sector. Nationally, trade accounted for 23 percent of payrolls in 2000. Regionally, 23.5 percent of jobs were in wholesale or retail trade in 2000, up from 20.4 percent in 1970.

The percentage of jobs in the government sector declined for both the state and the nation during the 1970-2000 time period. By 2000, the percentage of jobs in the government sector had fallen to about 15 percent for Georgia, an employment share below the national rate for the first time since the end of WWII. The Southeast was slightly more dependent on government jobs with 16.2 percent of payrolls in the government sector. The decline in the proportion of government jobs in Georgia began in the 1980s when the growth in state and local government employment slowed. During the 1990s growth in state and local government employment picked back up while budget cutbacks in defense and other federal programs resulted in an absolute decline in the number of federal government jobs in the state.

The most recent recession in Georgia has put a damper on both the Atlanta and the overall state economy. As an example, total employment in the Atlanta MSA declined from 2.18 million in 2000 to 2.16 million in 2003. Likewise, overall state employment dropped from 3.95 million to 3.86 million in the same period. Only in early 2004 has modest job growth re-emerged in Georgia. Hard hit sectors in both the MSA and the state in the early part of the decade included manufacturing, retail trade, business services, and information services. Job losses in these sectors were somewhat offset by a continued expansion in the health care and education sectors. Long standing Atlanta-based companies such as Bell South, Coca-Cola, and Delta were all negatively impacted by conditions in the early part of the decade. Industries in the state dependent on business or tourist travel also suffered in the aftermath of

the 9-11 terrorist attack. Based on data currently available, the first half of the 2000's decade is likely to be the worst performing five-year period of job growth in Georgia in the post-WWII era.

As illustrated in Table 9, Georgia also experienced significant population changes during the 1950-2000 period. In 1950, the Census Bureau estimated that the state contained 3,444,578 people. By 2000 the state's population totaled 8,186,453 residents. During this time period, the percentage of the population in metropolitan areas also increased dramatically, from 44.8 percent in 1950 to 69.2 percent in 2000. During the same period, the proportion of the U.S. population in metropolitan areas increased from 66.9 to 80.3 percent (see Table 8). Georgia's population growth outpaced the national economy in each decade in the second half of the 20th century with the exception of the 1950s while the state's population has grown faster than the Southeast as a whole since 1980 (see Table 9). Population growth in Georgia during the 1950s was constrained by the large out-migration that occurred during the decade. The state lost approximately 212,000 residents due to net migration during the 1950s. This out-migration was mainly concentrated among African-Americans seeking better economic opportunities outside of Georgia. In subsequent decades, Georgia became a net importer of people as the Georgia economy expanded and as segregation barriers to African-American employment were removed. As a contrast to the 1950s, the decade of the 1990s saw state population increase by over 1.7 million with almost two-thirds of the increase attributed to net migration into the state. Population growth in the Atlanta Metropolitan Statistical Area (MSA) far outpaced the nation and the region in each decade since 1950.

TABLE 8: TOTAL AND METROPOLITAN POPULATION DATA FOR GEORGIA: 1950-2000

Year	Total Population (Georgia)	Georgia (% of Total Population in Metropolitan Areas)	U.S. (% of Total Population in Metropolitan Areas)
1950	3,444,578	44.8	66.9
1960	3,943,116	51.9	71.3
1970	4,587,930	56.5	73.6
1980	5,463,105	64.2	78.4
1990	6,478,216	67.2	79.8
2000	8,186,453	69.2	80.3

Source: *Total Population*: Georgia population data for 1950 and 1960 are from the 1990 Census of Population and Housing. Data for 1970 forward are from www.census.gov.; *Percent Metropolitan Population*: 1950, 1960, 1970 (State and Metropolitan Area Data Book, U.S. Bureau of Census, 1979, Table A, p. 5, metropolitan areas defined as of November 1978), 1980, 1990, 2000 (Statistical Abstract of the United States, 2002, U.S. Bureau of Census, Table 29, p. 31, metropolitan areas defined as of June 30, 1999).

TABLE 9: PERCENT CHANGE IN POPULATION BY DECADE IN THE U.S., THE SOUTHEAST, GEORGIA, AND THE ATLANTA MSA

Decade	Atlanta MSA	Georgia	Southeast	U.S.
1950-1960	31.6	14.5	14.7	18.5
1960-1970	34.2	16.5	13.1	13.3
1970-1980	26.8	19.0	20.2	11.5
1980-1990	32.5	18.6	12.5	9.8
1990-2000	38.9	26.4	16.9	13.1

Source: U.S. Bureau of Census.

Note: The Atlanta MSA is based on the MSA definition issued June 30, 1993 by the U.S. Office of Management and Budget (20 counties). The MSA population change data are from the Georgia Statistical Abstract 2002-2003. State population data for 1950 and 1960 are from the 1990 Census of Population and Housing. Data for 1970 forward are from www.census.gov. Data for the Southeast were calculated using data for the 12 states in the region. U.S. population data are from www.census.gov.

The Two Georgia Economies

Focusing on statewide averages is useful when comparing Georgia to the region and the rest of the nation, but it does not really provide a clear picture of the Georgia economy. Significant differences existed between the Atlanta area economy and the rest of the state prior to WWII. However, the strong economic growth the state has experienced since 1945 has further widened the gap between Atlanta and the rest of the state. While the Atlanta economy has grown rapidly, much of the rest of the state has not kept pace with Atlanta, although it has gained ground relative to the nation as a whole. Our discussion will first focus on some of the differences between the Atlanta MSA and the rest of the state and then look briefly at the state's other metropolitan areas.

Chart 1 shows the differences in per capita income in Atlanta compared to the rest of the state (Non-Atlanta). In 1970, the earliest time period that MSA level data for the 20-county Atlanta MSA[4] is available from the Bureau of Economic Analysis (BEA), the state's per capita income was 83 percent of the national average. However, the Atlanta MSA had a much higher per capita personal income than the rest of the state. Per capita income in Atlanta was about equal to the national average in 1970 while the rest of the state had a per capita income of only 71.9 percent of the national average. Since 1970, per capita income growth in Atlanta has outpaced the growth in Non-Atlanta. Per capita personal income in Atlanta increased 7.2 percent per year between 1970 and 2000 while per capita income in the rest of the state grew by a slightly smaller 7 percent. As a result, the per capita income gap between Atlanta and non-Atlanta has grown wider. In 2000 per capita personal income in the Atlanta MSA had increased to $33,507, almost 113 percent of the national average, while for Non-Atlanta per capita income was $22,615, which was still only 76 percent of the national average (up from 71.9 percent in 1970). Atlanta also has a higher per capita income than other large metropolitan areas in the Southeast (See Table 10).

[4] The twenty county Atlanta MSA used by the BEA includes the following counties: Barrow, Bartow, Carroll, Cherokee, Clayton, Cobb, Coweta, DeKalb, Douglas, Fayette, Forsyth, Fulton, Gwinnett, Henry, Newton, Paulding, Pickens, Rockdale, Spalding, and Walton.

TABLE 10: PER CAPITA INCOME IN SELECTED LARGE METROPOLITAN AREAS IN THE SOUTHEAST: 2000

Atlanta, GA	$33,507
Birmingham. AL	$29,437
Charlotte-Gastonia-Rock Hill, NC-SC	$30,993
Greenville-Spartanburg-Anderson, SC	$25,534
Jacksonville, FL	$29,161
Louisville, KY	$30,357
Nashville, TN	$31,599
New Orleans, LA	$26,385
Norfolk-Virginia Beach- Newport News, VA-NC	$26,288
Raleigh-Durham-Chapel Hill, NC	$32,681

Source: U.S. Census Bureau. "Statistical Abstract of the United States: 2003." Table 673.

Comparing the growth rate of employment between Atlanta and Non-Atlanta is more difficult. The definition of the Atlanta MSA has changed over time. In 1950 the Atlanta MSA was defined as a three county area; by 2000, the Atlanta MSA was defined to include 20 different counties. While the BEA provides history on personal income and population using the 20-county definition going back to 1970, the Bureau of Labor Statistics (BLS) does not have a consistent MSA employment series going back that far. The historical employment data from the BLS is discontinuous at several points as the definition of the MSA changed to add more counties making it impossible to calculate a consistent growth rate. Appendix A shows the list of counties included in the Atlanta MSA in the different time periods. However, we can compare the growth rate of Atlanta as it was defined at the time to the rest of the state in periods where the definition did not change. Table 1 compares the average annual growth rate of employment in the Atlanta MSA, using the MSA definition that applied at the time, to the growth rate in Non-Atlanta, the state as a whole and the nation. During every time period for which data is available, payroll employment in the Atlanta MSA grew at a faster rate than employment in Non-Atlanta.

We can get some more insight into the differences between Atlanta and the rest of the state by looking at differences in the composition of employment as shown in Tables 11 and 12. Although the definition of the Atlanta MSA changes over time,

TABLE 11: ATLANTA - EMPLOYMENT BY INDUSTRY AS A PERCENT OF TOTAL NON-AGRICULTURAL PAYROLLS

	1950	1955	1960	1965	1970	1975	1980	1985	1990	1995	2000
Manufacturing	23.5%	27.4%	23.0%	22.9%	21.3%	15.7%	15.9%	14.7%	12.6%	11.7%	10.1%
Durable Goods	9.6%	15.4%	11.6%	12.6%	10.9%	7.6%	7.5%	7.7%	6.1%	5.7%	5.1%
Non-durable Goods	13.9%	12.0%	11.4%	10.3%	10.3%	8.1%	8.4%	7.0%	6.6%	6.0%	5.0%
Mining	N/A	N/A	N/A	N/A	N/A	N/A	0.1%	0.1%	0.1%	0.1%	0.1%
Construction	N/A	N/A	N/A	N/A	5.4%	4.8%	4.7%	5.7%	4.6%	4.5%	5.4%
Trans. & Public Utilities	11.4%	10.4%	9.8%	9.3%	9.4%	9.1%	8.7%	8.3%	8.6%	8.3%	8.8%
Trade	28.0%	26.0%	26.8%	26.1%	26.7%	27.9%	27.1%	27.8%	27.1%	26.7%	25.9%
FIRE	6.4%	7.1%	7.4%	7.3%	6.8%	7.7%	6.8%	7.0%	7.1%	6.4%	6.4%
Services	N/A	N/A	N/A	N/A	N/A	N/A	20.1%	22.3%	25.0%	28.5%	31.1%
Government	11.7%	11.1%	13.4%	13.9%	15.6%	16.9%	16.6%	14.1%	15.0%	13.6%	12.2%

Source: United States Department of Labor, Bureau of Labor Statistics.
Note: The definition of the Atlanta MSA changes over time leading to discontinuities in the data in 1956, 1970, 1978 and 1988.

TABLE 12: NON-ATLANTA – EMPLOYMENT BY INDUSTRY AS A PERCENT OF TOTAL NON-AGRICULTURAL PAYROLLS

Industry	1950	1955	1960	1965	1970	1975	1980	1985	1990	1995	2000
Manufacturing	41.2%	38.8%	37.7%	37.8%	36.2%	31.9%	31.1%	28.4%	25.2%	23.6%	20.5%
Durable Goods	10.9%	9.7%	8.9%	9.5%	9.5%	8.2%	9.1%	9.4%	8.3%	8.1%	8.2%
Non-durable Goods	30.2%	28.9%	28.6%	28.2%	26.6%	23.7%	22.0%	19.0%	16.9%	15.5%	12.3%
Mining	N/A	N/A	N/A	N/A	N/A	N/A	0.6%	0.5%	0.5%	0.4%	0.3%
Construction	N/A	N/A	N/A	N/A	5.0%	5.1%	5.0%	5.5%	5.2%	4.4%	4.7%
Trans. & Public Utilities	6.9%	5.9%	5.3%	4.9%	4.9%	4.5%	4.6%	4.5%	4.6%	4.1%	4.1%
Trade	18.6%	19.4%	18.9%	18.3%	18.3%	18.7%	19.7%	22.4%	22.6%	23.4%	22.8%
FIRE	2.1%	2.6%	3.1%	3.3%	3.8%	4.0%	3.8%	3.7%	3.9%	3.7%	3.7%
Services	N/A	N/A	N/A	N/A	N/A	N/A	12.5%	14.3%	17.3%	20.2%	25.0%
Government	16.5%	17.8%	20.0%	20.1%	21.6%	22.7%	22.7%	20.7%	20.7%	20.4%	18.8%

Source: Calculated using data from the United States Department of Labor, Bureau of Labor Statistics.
Note: The definition of the Atlanta MSA changes over time leading to discontinuities in the data in 1956, 1970, 1978 and 1988.

it will not have as much impact on the percentage of employment by industry as it would on growth rates. In 1950, manufacturing made up 24.5 percent of total nonagricultural payrolls in the three county Atlanta MSA while this sector accounted for 41.2 percent of jobs in the Non-Atlanta region. Although the importance of the manufacturing sector has been diminishing in both regions of the state, manufacturing jobs still comprised 20.5 percent of jobs in Non-Atlanta in 2000 but just 10 percent of jobs in the 20-county Atlanta MSA. Within the manufacturing sector, the Non-Atlanta area is more dependent on lower paying nondurable manufacturing industries such as textiles while the Atlanta MSA has heavier employment concentrations in the higher-wage durable goods industries such as transportation equipment.

Atlanta also has a heavier concentration of employment in transportation and public utilities, reflecting the fact that the MSA is a major transportation hub for airlines, railroads and trucking. The trade sector has been important in the Atlanta MSA throughout the postwar period. Trade employment made up 28 percent of Atlanta's payrolls in 1950 while accounting for only 18.6 percent of jobs outside of Atlanta. Trade continued to account for more than one quarter of the jobs in Atlanta in 2000. The importance of trade has increased in Non-Atlanta Georgia, accounting for 22.8 percent of jobs by 2000. Finance, insurance, and real estate (FIRE) are more important in Atlanta than in the rest of the state. Data on the service sector is not available at the MSA level until 1980. However, it is clear that Atlanta began the transition to a service economy much earlier than the rest of the state. In 1980, 20.1 percent of jobs in the Atlanta MSA were in the service sector while only 12.5 percent of employment outside of Atlanta was in services. The service sector has experienced strong growth since 1980 in both regions of the state. By 2000, 31.1 percent of the jobs in Atlanta were in the service sector while services made up 25 percent of jobs in Non-Atlanta. Atlanta also has been less dependent on government jobs than the Non-Atlanta area. Government jobs accounted for only 12.2 percent of Atlanta payrolls in 2000 compared to 18.8 percent of jobs outside of Atlanta.

The Atlanta economy has also been much less dependent on agriculture than the rest of the state. Table 2 shows farm income as a percentage of personal income

for the Atlanta MSA and Non-Atlanta since 1970. Only 0.4 percent of the personal income in the 20-county Atlanta MSA was earned in the farm sector in 1970 compared to 4.8 percent in Non-Atlanta. By 2000 agriculture accounted for only 0.1 percent of the personal income in the Atlanta MSA while 1.6 percent of personal income in the rest of the state was earned from farming activities. Nationally only 0.5 percent of personal income is earned in agriculture. Although the importance of agriculture has declined since 1970, Non-Atlanta is still more dependent on farming than the nation as a whole.

Breaking the state into Atlanta and Non-Atlanta is clearly an oversimplification of the state's economy, since the state contains six metropolitan areas in addition to Atlanta.[5] By 2000 almost 70 percent of the state's population lived in what was considered a metropolitan area. The discussion so far has focused on Atlanta since it is clearly the state's largest MSA, containing more than half the state's population. However, these smaller MSAs are clearly important to the state's economy and these MSAs have a great impact on the economic development in rural central and south Georgia (Hartshorn and Walcott 2000).

Table 13 contains data on population while Table 14 displays per capita personal income data for Georgia's metropolitan areas since 1970.[6] Although all of the MSAs experienced population growth over the 30 year time period, the gains were much more sluggish in the smaller MSAs than they were in Atlanta. In fact, over this time period, Atlanta was the only MSA where population as a percent of the total state population increased. The Athens MSA maintained a fairly constant proportion of the total state population, reflecting the growth in the University of Georgia during this period. The other MSAs experienced a decline in their size relative to the state as a whole.

In terms of per capita income, all of the MSAs except Macon experienced an improvement relative to the nation since 1970. However, Atlanta remains the only

[5] Chattanooga is not included as a Georgia MSA in our analysis. Although the Chattanooga MSA does contain some counties in Georgia, the majority of the MSA is in Tennessee.

[6] Because of the problems associated with changing MSA definitions in the BLS employment data, our discussion of the Non-Atlanta MSAs is limited to the BEA data available since 1970 for personal income and population.

TABLE 13: GEORGIA MSA POPULATION: 1970-2000

	1970	1975	1980	1985	1990	1995	2000
Georgia (Total)							
Population	4,605,421	5,058,535	5,486,174	5,962,639	6,512,602	7,328,413	8,234,373
% of Georgia	*100.0%*	*100.0%*	*100.0%*	*100.0%*	*100.0%*	*100.0%*	*100.0%*
Growth Rate		*1.9*	*1.6*	*1.7*	*1.8*	*2.4*	*2.4*
Albany, GA							
Population	97,356	102,780	112,846	116,756	112,658	118,039	120,810
% of Georgia	*2.1%*	*2.0%*	*2.1%*	*2.0%*	*1.7%*	*1.6%*	*1.5%*
Growth Rate		*1.1*	*1.9*	*0.7*	*-0.7*	*0.9*	*0.5*
Athens, GA							
Population	87,090	99,954	105,367	114,916	127,092	140,578	154,061
% of Georgia	*1.9%*	*2.0%*	*1.9%*	*1.9%*	*2.0%*	*1.9%*	*1.9%*
Growth Rate		*2.8*	*1.1*	*1.8*	*2.0*	*2.0*	*1.8*
Atlanta, GA							
Population	1,772,991	2,029,060	2,247,010	2,577,191	2,981,321	3,511,888	4,148,917
% of Georgia	*38.5%*	*40.1%*	*41.0%*	*43.2%*	*45.8%*	*47.9%*	*50.4%*
Growth Rate		*2.7*	*2.1*	*2.8*	*3.0*	*3.3*	*3.4*
Augusta-Aiken, GA-SC							
Population	305,953	323,778	364,340	390,945	418,221	460,036	478,055
% of Georgia	*6.6%*	*6.4%*	*6.6%*	*6.6%*	*6.4%*	*6.3%*	*5.8%*
Growth Rate		*1.1*	*2.4*	*1.4*	*1.4*	*1.9*	*0.8*
Columbus, GA-AL							
Population	249,522	244,001	254,627	259,017	261,348	273,162	274,986
% of Georgia	*5.4%*	*4.8%*	*4.6%*	*4.3%*	*4.0%*	*3.7%*	*3.3%*
Growth Rate		*-0.4*	*0.9*	*0.3*	*0.2*	*0.9*	*0.1*
Macon, GA							
Population	243981	262227	273661	282986	291830	308325	323246
% of Georgia	*5.3%*	*5.2%*	*5.0%*	*4.7%*	*4.5%*	*4.2%*	*3.9%*
Growth Rate		*1.5*	*0.9*	*0.7*	*0.6*	*1.1*	*0.9*
Savannah, GA							
Population	206,709	212,479	231,691	244,606	259,160	281,126	293,335
% of Georgia	*4.5%*	*4.2%*	*4.2%*	*4.1%*	*4.0%*	*3.8%*	*3.6%*
Growth Rate		*0.6*	*1.7*	*1.1*	*1.2*	*1.6*	*0.9*

Source: United States Department of Commerce, Bureau of Economic Analysis.

TABLE 14: GEORGIA MSA PER CAPITA PERSONAL INCOME: 1970-2000

	1970	1975	1980	1985	1990	1995	2000
Georgia (Total)							
Per Capita Income	3,394	5,152	8,474	13,143	17,722	21,806	28,103
% of U.S.	*82.9%*	*83.7%*	*83.2%*	*89.4%*	*90.5%*	*93.8%*	*94.4%*
Growth Rate		*8.7*	*10.5*	*9.2*	*6.2*	*4.2*	*5.2*
Albany, GA							
Per Capita Income	2,895	4,498	7,644	10,976	14,868	19,041	22,975
% of U.S.	*70.7%*	*73.1%*	*75.1%*	*74.6%*	*76.0%*	*81.9%*	*77.2%*
Growth Rate		*9.2*	*11.2*	*7.5*	*6.3*	*5.1*	*3.8*
Athens, GA							
Per Capita Income	2,968	4,638	7,542	11,448	15,881	19,039	23,452
% of U.S.	*72.5%*	*75.4%*	*74.1%*	*77.9%*	*81.1%*	*81.9%*	*78.8%*
Growth Rate		*9.3*	*10.2*	*8.7*	*6.8*	*3.7*	*4.3*
Atlanta, GA							
Per Capita Income	4,114	6,098	10,246	15,844	21,039	25,571	33,507
% of U.S.	*100.5%*	*99.1%*	*100.6%*	*107.7%*	*107.5%*	*110.0%*	*112.6%*
Growth Rate		*8.2*	*10.9*	*9.1*	*5.8*	*4.0*	*5.6*
Augusta-Aiken, GA-SC							
Per Capita Income	3,233	4,901	7,914	12,842	17,532	19,626	24,033
% of U.S.	*78.9%*	*79.6%*	*77.7%*	*87.3%*	*89.6%*	*84.4%*	*80.8%*
Growth Rate		*8.7*	*10.1*	*10.2*	*6.4*	*2.3*	*4.1*
Columbus, GA-AL							
Per Capita Income	3,264	4,887	7,651	12,058	15,679	19,022	24,992
% of U.S.	*79.7%*	*79.4%*	*75.1%*	*82.0%*	*80.1%*	*81.8%*	*84.0%*
Growth Rate		*8.4*	*9.4*	*9.5*	*5.4*	*3.9*	*5.6*
Macon, GA							
Per Capita Income	3,558	5,307	8,136	12,470	16,971	20,686	25,644
% of U.S.	*86.9%*	*86.2%*	*79.9%*	*84.8%*	*86.7%*	*89.0%*	*86.2%*
Growth Rate		*8.3*	*8.9*	*8.9*	*6.4*	*4.0*	*4.4*
Savannah, GA							
Per Capita Income	3,399	5,331	8,955	13,522	17,796	21,730	27,509
% of U.S.	*83.0%*	*86.6%*	*87.9%*	*92.0%*	*90.9%*	*93.4%*	*92.4%*
Growth Rate		*9.4*	*10.9*	*8.6*	*5.6*	*4.1*	*4.8*

Source: United States Department of Commerce, Bureau of Economic Analysis.

MSA to have a per capita income higher than the national average. All of the smaller metropolitan areas lost ground relative to the nation in the late 1990s except Columbus. This reflects the fact that Columbus was the only MSA outside of Atlanta to attract a significant number of jobs in the rapidly growing high tech sector during the late 1990s.

Conclusion

Despite the downturn in the economy in the early 2000s, Georgia has experienced tremendous growth since the end of WWII. In 1945 the state's economy was heavily dependent on agriculture and non-durable manufacturing. Over the next 55 years, the state became less dependent on farming and manufacturing as it transitioned to a more diversified service economy. As a result of these changes the state's per capita personal income rose sharply. Although Georgia's per capita income remained below the national average in 2000, the gap between the state and the rest of the country has closed rapidly. The state has also experienced more rapid per capita income growth than the Southeast region as a whole. Another change in the state's economy is that a greater proportion of the state's population resides in metropolitan areas, although the state remains more rural than the nation as a whole.

However, all the geographic areas of the state have not shared the benefits of the strong economic growth equally. Much of Georgia's growth has been concentrated in the Atlanta metropolitan area. Despite the attention devoted to the differences in the economies of Atlanta and the rest of the state over the past 30 years, the gap between the Atlanta metropolitan area and the rest of the state in terms of per capita income has actually widened since 1970. Atlanta remains less dependent on the manufacturing sector, and the manufacturing jobs in Atlanta are still more likely to be in the higher wage durable goods industries such as automobile and airplane assembly. Atlanta also has experienced more rapid growth in high tech employment and remains an important transportation center. The Atlanta MSA has developed into a highly populated urban area that has the infrastructure and support services to help fuel economic growth and to attract new businesses. Areas of the state outside of Atlanta remain more rural, and agriculture and low-wage manufacturing and government jobs make up a larger share of total employment. In recent years, non-Atlanta Georgia has been hit particularly hard by employment losses in apparel and textile manufacturing.

Although there are many different factors that have contributed to the different economic development paths of Atlanta and the rest of Georgia, one factor that has played a large role is the commitment of many of the Atlanta area's political

and business leaders to policies that promoted economic growth. The Atlanta economy has also enjoyed many successes on the economic development front. Local leaders actively campaigned the federal government to build an aircraft manufacturing plant in the Atlanta area during WWII, resulting in the Bell Bomber Plant being located in Marietta. This later became a manufacturing facility for Lockheed after the war (Scott 2001). Recognizing the negative impact that racial turmoil had in recruiting new businesses to the South, leaders in Atlanta were among the first to support the federal civil rights laws in the 1960s. Although these actions may have been motivated by self-interest, as Gavin Wright (2001) points out, "one cannot dismiss the long-term significance of the political changes they symbolized" (pg. 73). Local leaders also engaged in a series of airport expansion projects in an effort to maintain Atlanta's position as an air transportation hub. These efforts were rewarded in 2000 when the Atlanta airport was named the World's Busiest Airport in terms of both passenger traffic and landings. With the completion of the World Congress Center in 1976, Atlanta rose to become one of the top business convention sites in the country. In another example of civic accomplishment, Atlanta was selected to serve as host of the 1996 Summer Olympic games. However, these economic successes came with a price. Atlanta is still struggling to deal with problems such as urban sprawl, pollution and the decay of the central city that have accompanied this rapid economic growth. Unless the MSA deals with the transportation and infrastructure limitations that it confronts, these areas will hinder Atlanta's growth in the future.

On the other hand, rural Georgia and the smaller metropolitan areas face a tremendous challenge in trying to close the gap with metropolitan Atlanta. The dominant strategy of the past, attracting labor intensive, low-wage industry, is no longer viable in rural Georgia (and in rural America, in general) in the face of international competition. No single economic development approach has replaced this type of traditional industrial recruitment. Rural communities in Georgia and throughout the U.S. are now stressing strategies such as transportation improvements, health care access, job training initiatives, telecommunications infrastructure, new industrial parks, and tourism promotion as alternatives for

developing their communities[7]. Georgia's educational system continues to be a problem for the state as test scores remain among the lowest in the country (Ghezzi 2004). Improving the educational system will need to continue to be one of the state's goal, especially in the rural areas. As part of the OneGeorgia Authority program, the State of Georgia is also investing $1.6 billion in rural development initiatives during 2000-2025 using funds gained from the state's tobacco settlement. Although it is unlikely that the per capita income gap between the Atlanta MSA and Non-Atlanta will close anytime soon, community and political leaders in the state are hopeful that efforts to foster economic development outside the Atlanta area will be successful.

[7] See "Best Practices and Strategies for Rural Economic Development," published by East Georgia College for examples of successful economic development strategies applicable to rural Georgia. This publication is available at the Georgia Rural Economic Development website (www.gredc.org).

Bibliography

Floyd, Charles F. 1985. "The 'Two Georgias' Problem." *Georgia Business and Economic Conditions* 45 (March-April): 3-13.

The Georgia Rural Development Center, East Georgia College. "Best Practices and Strategies for Rural Economic Development." Available at www.gredc.org.

Ghezzi, Patti. 2004. "State Not Last in SAT's: SC Retakes Bottom for Lowest Scores." *The Atlanta Journal-Constitution* (August 28): F1.

Hartshorn, Truman A. and Susan M. Walcott. 2000. "The Three Georgias: Emerging Realignments at the Dawn of the New Millennium." *Southeastern Geographer* 41 (November): 127-50.

King, Frank B. and David Avery. 1988. "A Tale of Two Georgias." *Economic Review – Federal Reserve Bank of Atlanta* 73 (January/February): 24-35.

Niemi, Albert W. 1986. "Are There Really Two Georgias?" *Georgia Business and Economic Conditions* 46 (July/August): PAGES???

Scott, Thomas A. 2001. "Winning World War II in an Atlanta Suburb: Local Boosters and the Recruitment of Bell Bomber." In Phillip Scranton (ed.), *The Second Wave: Southern Industrialization from the 1940s to the 1970s*. Athens: The University of Georgia Press.

U.S. Census Bureau. Census of Population for Georgia and U.S. Summary: 1950, 1960, 1970, 1980, 1990, and 2000.

U.S. Census Bureau. 1993. "1990 Census of Population and Housing: Population and Housing Unit Counts – United States." October.

U.S. Census Bureau. Population Estimates. Available at http://www.census.gov.

U.S. Bureau of the Census. 1979. "State and Metropolitan Area Data Book: 1979" Washington, D.C.

U.S. Bureau of the Census. 2002. "Statistical Abstract of the United States: 2002." Washington, D.C. Available at http://www.census.gov.

U. S. Census Bureau. 2003. "Statistical Abstract of the United States: 2003." Washington, D.C. Available at http://www.census.gov.

United States Department of Commerce, Bureau of Economic Analysis. Regional Economic Accounts. Available at http//www.bea.gov/bea/regional/data.htm.

United States Department of Labor, Bureau of Labor Statistics, Employment. "Hours and Earnings from the Current Employment Statistics Survey (National and State and Metro Area, SIC Basis)." Available at http://www.bls.gov/data/archived.htm.

University of Georgia, Bureau of Business Research, College of Business Administration. 1963. "1963 Georgia Statistical Abstract." Athens.

University of Georgia, Division of Research, College of Business Administration. 1976. "1976 Georgia Statistical Abstract." Edited by Lorena M. Akioka and Carolyn S. Hudgins. Athens.

University of Georgia, Selig Center for Economic Growth, Terry College of Business. 2002. "Georgia Statistical Abstract 2002-2003." Athens.

Wright, Gavin. 2001. "The Persistence of the South as an Economic Region." *Atlanta History* 54 (Winter): 69-80.

APPENDIX A: DEFINITION OF THE ATLANTA MSA USED BY THE BLS

1950-1955	1956-1969	1970-1977	1978-1987	1988-2000
Cobb	Clayton	Butts	Barrow	Barrow
DeKalb	Cobb	Cherokee	Butts	Bartow
Fulton	DeKalb	Clayton	Cherokee	Carroll
	Fulton	Cobb	Clayton	Cherokee
	Gwinnett	DeKalb	Cobb	Clayton
		Douglas	Coweta	Cobb
		Fayette	DeKalb	Coweta
		Forsyth	Douglas	DeKalb
		Fulton	Fayette	Douglas
		Gwinnett	Forsyth	Fayette
		Henry	Fulton	Forsyth
		Newton	Gwinnett	Fulton
		Paulding	Henry	Gwinnett
		Rockdale	Newton	Henry
		Walton	Paulding	Newton
			Rockdale	Paulding
			Spalding	Pickens
			Walton	Rockdale
				Spalding
				Walton

About the Authors

Mary Mathewes Kassis is an Assistant Professor in the Economics Department at the State University of West Georgia. Prior to joining the faculty at UWG, Dr. Kassis was the Associate Director of the Economic Forecasting Center at Georgia State University, where she focused on the economy of the Southeast and Georgia. Dr. Kassis received her Ph.D from Georgia State University. Her research interests include regional economics, labor economics, and public finance.

David Boldt is Associate Professor and Chair of the Economics Department at the State University of West Georgia. He received his Ph.D in economics from the University of New Mexico. His areas of interest include regional economics, macroeconomics, and economics education.

About The Fiscal Research Center

The Fiscal Research Center provides nonpartisan research, technical assistance, and education in the evaluation and design of state and local fiscal and economic policy, including both tax and expenditure issues. The Center's mission is to promote development of sound public policy and public understanding of issues of concern to state and local governments.

The Fiscal Research Center (FRC) was established in 1995 in order to provide a stronger research foundation for setting fiscal policy for state and local governments and for better-informed decision making. The FRC, one of several prominent policy research centers and academic departments housed in the School of Policy Studies, has a full-time staff and affiliated faculty from throughout Georgia State University and elsewhere who lead the research efforts in many organized projects.

The FRC maintains a position of neutrality on public policy issues in order to safeguard the academic freedom of authors. Thus, interpretations or conclusions in FRC publications should be understood to be solely those of the author.

FISCAL RESEARCH CENTER STAFF

David L. Sjoquist, Director and Professor of Economics
Peter Bluestone, Research Associate
Karlease Bradford, Business Manager
Margo Doers, Administrative Assistant
Kenneth J. Heaghney, State Fiscal Economist
John W. Matthews, Research Associate
Lakshmi Pandey, Senior Research Associate
William J. Smith, Senior Research Associate
Dorie Taylor, Assistant Director
Jeanie J. Thomas, Senior Research Associate
Arthur D. Turner, Microcomputer Software Technical Specialist
Sally Wallace, Associate Director and Associate Professor of Economics
Laura A. Wheeler, Senior Research Associate
Tumika Williams, Staff Assistant

ASSOCIATED GSU FACULTY
James Alm, Chair and Professor of Economics
Roy W. Bahl, Dean and Professor of Economics
Carolyn Bourdeaux, Assistant Professor of Public Administration and Urban Studies
Robert Eger, Assistant Professor of Public Administration and Urban Studies
Martin F. Grace, Professor of Risk Management and Insurance
Shiferaw Gurmu, Associate Professor of Economics
Amy Helling, Associate Professor of Public Administration and Urban Studies
Julie Hotchkiss, Associate Professor of Economics
Gregory B. Lewis, Professor of Public Administration and Urban Studies
Jorge L. Martinez-Vazquez, Professor of Economics
Theodore H. Poister, Professor of Public Administration and Urban Studies
Michael J. Rushton, Associate Professor of Public Administration and Urban Studies
Benjamin P. Scafidi, Assistant Professor of Economics
Bruce A. Seaman, Associate Professor of Economics
Geoffrey K. Turnbull, Professor of Economics
Mary Beth Walker, Associate Professor of Economics
Katherine G. Willoughby, Professor of Public Administration and Urban Studies

PRINCIPAL ASSOCIATES
David Boldt, State University of West Georgia
Gary Cornia, Brigham Young University
Kelly D. Edmiston, Federal Reserve Bank of Kansas City
Alan Essig, Georgia Budget and Policy Institute
Dagney G. Faulk, Indiana University Southeast
Catherine Freeman, U.S. Department of Education
Richard R. Hawkins, University of West Florida
Mary Mathewes Kassis, State University of West Georgia
Julia E. Melkers, University of Illinois-Chicago
Jack Morton, Morton Consulting Group
Ross H. Rubenstein, Syracuse University
Kathleen Thomas, University of Mississippi
Thomas L. Weyandt, Atlanta Regional Commission

GRADUATE RESEARCH ASSISTANT
Kailou Wang

RECENT PUBLICATIONS

(All publications listed are available at http://frc.aysps.gsu.edu or call the Fiscal Research Center at 404/651-2782, or fax us at 404/651-2737.)

A Historical Perspective of Georgia's Economy **(Mary Mathewes Kassis and David Boldt)**

This report chronicles the history of Georgia's economy from the 1950s to the present and provides an outlook for the future growth areas in Georgia. FRC Report/Brief 100 (February 2005)

How Different are Sales Tax Rates Along Georgia's Border? **(Lakshmi Pandey and David L. Sjoquist)**

This brief provides a comparison of sales tax rates in counties on Georgia's borders. FRC Brief 99 (January 2005)

An Initial Evaluation of a Proposed Statewide Education Sales Tax **(David L. Sjoquist, John W. Matthews and William J. Smith)**

This report provides a preliminary analysis of a proposal to replace education property taxes with a statewide sales tax. FRC Report 98 (December 2004)

Financing Georgia's Future **(Peter Bluestone, David L. Sjoquist, William J. Smith and Sally Wallace)**

This report explores how Georgia finances its expenditures through various revenue sources and compares Georgia's taxes across states and over time on multiple dimensions. FRC Report 97 (December 2004)

The Advantage of Accessibility to Goods and People: Transportation and Georgia's Economic Development **(Amy Helling)**

This report describes how transportation affects Georgia's economic development at present and what is likely in the future, and makes a set of recommendations for the direction of state transportation policy. FRC Report/Brief 96 (November 2004)

Distribution of Per Capita Income in Georgia: 1969-2000 **(Robert L. Collins and William J. Smith)**

This paper examines major changes in the county-level distribution of per capita income between 1969 and 2000. The analysis focuses on income convergence and geographic shifts in per capita income over the 31-year period. FRC Report/Brief 95 (September 2004)

Alternative Formulas for Allocating LOST Revenue To Counties and Municipalities **(David L. Sjoquist and Laura Wheeler)**

This study explores the procedure for allocating LOST revenue and suggests alternatives. FRC Report/Brief 94 (April 2004)

Firm Location Decisions and Information Needs **(Laura Czohara, Julia Melkers and Kouassi Dagawa)**

This report explores the perceptions of professional consultants and state and local economic development practitioners of useful information in the economic development site location process. FRC Report 93 (March 2004)

Performance Measurement in State Economic Development Agencies: Lessons and Next Steps for GDITT **(Laura Czohara and Julia Melkers)**

This study provides the basis for a comprehensive performance monitoring system for GDITT. FRC Report 92 (February 2004)

Does Georgia Need A Unitary Tax? **(Martin F. Grace)**

This report explores the issues associated with using a unitary tax approach to the state's corporate income tax. FRC Report/Brief 91 (February 2004).

International Trade and Economic Development Strategy: Can Foreign Direct Investment Be Predicted? **(Bruce A. Seaman and Robert E. Moore)**

This study identifies factors that might be used by the state to better target foreign industries and countries that are more likely to be seeking investment opportunities in the U.S. FRC Report/Brief 90 (December 2003).

The Economics of Cigarette Taxation: Lessons for Georgia **(Bruce A. Seaman)**

This report provides estimates of the fiscal effects of increasing taxes on cigarettes. FRC Report 89 (December 2003).

Single Factor Sales Apportionment Formula in Georgia. What Is the NET Revenue Effect? **(Kelly D. Edmiston)**

This report provides an update of the static revenue loss and provides estimates of the indirect revenue effects from switching to a single factor sales apportionment formula. FRC Report/Brief 88 (October 2003)

Financing Georgia's Schools: A Primer **(Ross Rubenstein and David L. Sjoquist)**

This report provides an explanation of how K-12 education is financed in Georgia. FRC Report 87 (October 2003)

(All publications listed are available at http://frc.aysps.gsu.edu or call the Fiscal Research Center at 404/651-2782, or fax us at 404/651-2737.)