ECONOMICS

SS8E1 The student will give examples of the kinds of goods and services produced in Georgia in different historical periods.

The term "economics" deals with money – how to make it, keep it, and even lose it. Georgia has several economic standards to help you understand how the state makes money and has made money throughout time.

The timeline below details Georgia's main products and services throughout history:

Trustee Era 1732-1752	Royal Colony – Civil War 1752-1865	Reconstruction – Roaring 20s 1865-1920	WWII Era 1939-1945.	Modern Era WWII-Present.
Mulberry trees, indigo, rice, grapes for wine	Cotton and Tobacco "King Cotton Era"	Georgia still produced cotton, but with a focus on textiles (cotton mills). Coca-Cola was invented.	Planes, liberty ships, supplies for WWII	Peanuts, pecans, peaches, onions, blueberries. Georgia-Pacific, Delta, and Home Depot established. Coca-Cola grows.

Georgia's economic beginnings started with the Native Americans, who "bartered," or traded goods like corn, deer skins, and pumpkins. European explorers determined that Georgia has a very warm climate. Because of this, it was known as a place for agriculture for centuries. Colonial Georgia was known for producing mulberry trees, indigo, rice, and grapes for wine, though none of these crops were successful. Over time, and after slaves were allowed in the colony, Georgia evolved - producing cotton and tobacco (mostly cotton). After the Civil War, even when cotton fields were destroyed, Georgia still turned to cotton. A focus on textile mills (cotton mills) developed after the Civil War, with cotton being the main crop until the boll weevil eradicated Georgia's cotton crop in the 1920s. During the Depression, Georgia produced very little, but this changed during WWII, when Georgia produced ships, planes and military supplies for the war. Today, Georgia is known for peanuts, pecans and peaches. Our major companies Coca-Cola, Georgia-Pacific, Delta, and Home Depot provide goods and services for people throughout the world.

SS8E2 The student will explain the benefits of free trade.
a. Describe how Georgians have engaged in trade in different historical time periods.
b. Explain how the four transportation systems from SS8G2 contribute to Georgia's role in trade.

Georgians have been trading since the early Native Americans used a barter economy to get things they wanted or needed. (**A barter economy is where you do not use money – you trade one good or service for another good or service**.) Over time, Georgia began to trade goods it produced easily, like cotton during the Antebellum Era. Today, we use our four transportation systems to import (bring in) or export (send out) goods (like peaches) and services (like Delta).

The Deepwater Ports – Savannah and Brunswick are used to send out goods on cargo ships and bring in international goods on cargo ships.

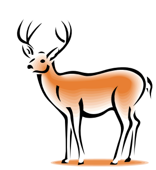
The Railroads – often take goods from Savannah and Brunswick ports and haul them throughout Georgia.

The Interstate Highway System – Used to transport imports and exports from all over the nation.

Hartsfield- Jackson Airport – Can bring in and send out imports and exports from all over the world.

Barter Economy:

Trading



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Georgia Business

SS8E3 The student will evaluate the influence of Georgia's economic growth and development.
a. Define profit and describe how profit is an incentive for entrepreneurs.
b. Explain how entrepreneurs take risks to develop new goods and services to start a business.
c. Evaluate the importance of entrepreneurs in Georgia who developed such enterprises as Coca-Cola, Delta Airlines, Georgia-Pacific, and Home Depot.

Terms:

An **entrepreneur** is someone who starts his/her own business.

Profit is money you make after expenses.

Incentives are reasons people want to become entrepreneurs.

Risks are bad things that could happen because of your business decision.

When you think about an **entrepreneur**, think about Alonzo Herndon. He took a huge **risk** when he started his barber shop, the Crystal Palace, and when he invested his money in the Atlanta Mutual Life Insurance Company. He could have lost everything, or during this time period, he could have been harassed or killed due to his race. His incentive was wealth (and if you remember the Georgia Stories about his house – he made a lot of money!) and the profit is his business would make. Alonzo was successful because he was able to make smart business decisions and he understood what was worth taking a risk. He made wise investments.

Georgia has four companies started by entrepreneurs that are mentioned in the standard. These companies bring in a lot of jobs and money into the state of Georgia. These are Coca-Cola, Georgia-Pacific, Delta, and Home Depot.

Coca-Cola was created by John Pemberton in 1886 as a headache medicine and "nerve tonic," but it evolved into a soft drink after the Coca-Cola syrup was mixed with carbonated water. Coca-Cola was made famous by Asa Candler, who further developed the product after Pemberton's death. Today, Coca-Cola is one of the most internationally known companies in the world and makes enormous profits.

Georgia-Pacific is a company that uses trees to produce paper products as well as building supply products. This company was created in 1927 by Owen Cheatham. Today, Georgia-Pacific operates on both the east and west coasts (why it has the name Georgia-Pacific) and employs thousands.

Delta Airlines was created in 1924 by B.R. Coad and C.E. Woolman. It started as a crop dusting company and evolved into a commercial airline company. Its hub, or base, is Atlanta at Hartsfield-Jackson International Airport. It is the largest commercial airline company in the world and employs over 80,000 people.

The Home Depot is a set of home improvement chain stores created by Bernie Marcus and Arthur Blank (the owner of the Falcons). These stores have made billions of dollars due to the "do-it-yourself" approach that became wildly successful. (They took a risk and made a profit, yo!)

REVENUE

SS8E4 The student will identify revenue sources for and services provided by state and local governments.
a. Trace sources of state revenue such as sales taxes, federal grants, personal income taxes, and property taxes.
b. Explain the distribution of state revenue to provide services.
c. Evaluate how choices are made given the limited revenues of state and local governments.

Taxes. Everyone loves talking about taxes. Right? Benjamin Franklin said that the only certain things in life were "death and taxes," and he's right! However, you need to know that taxes go to fund a lot of privileges that you enjoy.

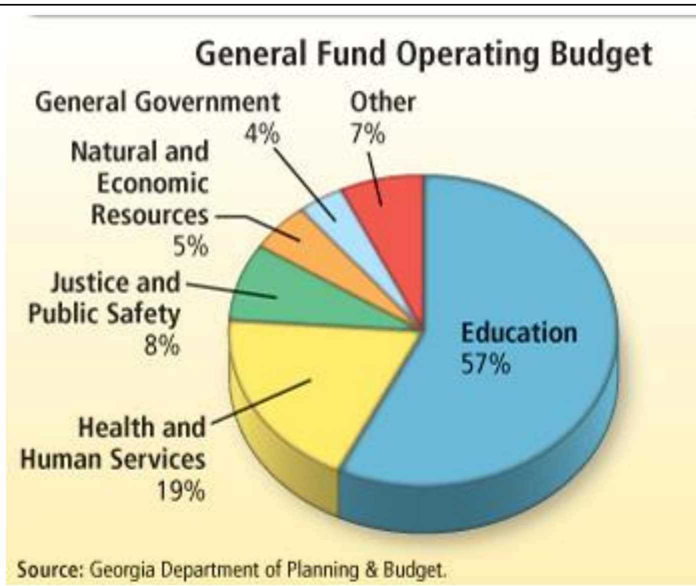
Revenue is money that the state takes in. The state can take in this money through different ways.

Sales Taxes – These are taxes that on things you buy. Sales taxes can be 6-8 percent depending on which county you live in. (Think that ice cream is a dollar? Try $1.07!)

Income Taxes – These are taxes on your paycheck. When you get your first job, taxes will be taken out on your income – usually around ¼ of your paycheck will pay for federal and state taxes.

Property Taxes – Property, too?! Yes! Property taxes are taxes on your property (house, camper, boat, etc).

Federal Grants – This is money that the federal (national) government gives to the states.

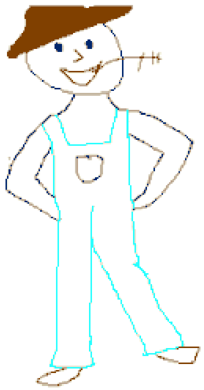


If you look at the pie chart to your left, you will see how Georgia decides to spend its revenue that it takes in. This pie chart is from 2011. According to the Georgia Constitution, over 50% of the budget MUST go to education. The chart shows you how the state makes its choices. The governor sets the budget and the members of Georgia's House of Representatives can create bills about the state budget.

Unlike our national government (which is trillions of dollars in debt), the Georgia Constitution says **that our budget must be balanced.** Because of this, Georgia's governor and General Assembly must make choices about which state agencies get their funding cut. If Georgia's revenues are up, then the state is able to fund its agencies more effectively. If the revenues are down, Georgia must then work to take away funding from certain state agencies (the General Assembly and governor make those choices).

PERSONAL MONEY MANAGEMENT

SS8E5 The student will explain personal money management choices in terms of income, spending, credit, saving, and investing.

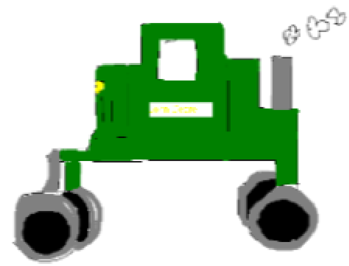


This is Jim Bob.
He is a farmer.

Jim Bob makes around $20,000 a year. $20,000 a year is Jim Bob's **income**. His income is the money he makes. That leaves Jim Bob with around $1,200 dollars a month, after taxes.

Jim Bob's Bills:

- House payment: $500
- Farm Equipment bills: $300
- Groceries: $150
- Power bill: $150
- Cell phone: $50
- Car payment/insurance: $300
  - Total: $ 1,450 a month

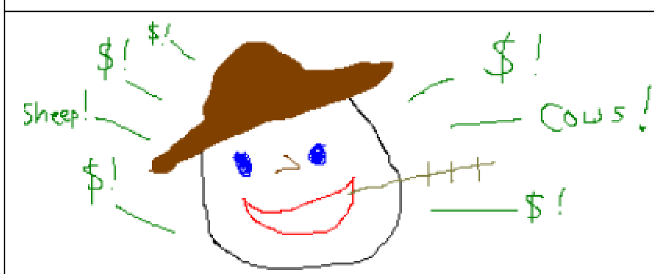


Waitaminute…Jim Bob only makes $1,200 dollars a month…he spends $1,450 dollars!! He is spending (or consuming – using to buy goods and services) more than he is saving (or keeping and not spending). Poor Jim Bob.

Jim Bob has to buy things on **credit**, which means he borrows money and is charged interest. Jim Bob uses a credit card to buy fertilizer, seeds, and other farming materials. The credit card company gives Jim Bob the money that he needs.

HOWEVER, he has to pay **interest** on this money, which means the credit card company charges him 10% interest to borrow their money. Jim Bob is in trouble! Debt is scary!

Jim Bob needs to think about how he can invest his money instead of how he can spend it. **Investing** is an idea where one puts money into a project or an idea in hopes of making money. However, there is always a **risk** with an investment – you can make money through an investment, but you can also lose money. Jim Bob should choose wisely.



Look back at Jim Bob's expenses. What are some ways that Jim Bob can **save** money?

Think about an **investment** Jim Bob could make. Should he invest in the stock market, a business, or real estate? Or, should he think about an agricultural investment since he is a farmer?

East Hall Middle School