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**Debbie Lasher
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The subject report is forwarded in conformance with the contract/grant specifications.

Should you have any questions or comments regarding this report(s), please contact the Project Director.

Sincerely,

**Kamie Cunningham
Date Entry Specialist**

Addressee: 1 copy

Consequences of High-Technology Economic Development for African Americans in Georgia, 1990-2000

Submitted by Susan Cozzens, for

Sonia Gatchair, Isabel Bortagaray, Gonzalo Ordonez, and Susan E. Cozzens,
Technology Policy and Assessment Center
Georgia Institute of Technology, Atlanta, GA 30332-0345

The distributional consequences of high technology development strategies have not received much attention, from either scholars or economic developers. The state of Georgia during the 1990s was aggressively pursuing economic development through such a strategy, and was held up as a national model in this area. The effects of Georgia's strategy have never been carefully delineated, but the record shows that the state did prosper economically over the decade, and that high-technology industry accounts for part of the growth.

But did the economic boom produce equal benefits, or any benefits, for all groups of Georgia citizens? In our 2002 paper, we argue that because high-technology economic development programs, when they are successful, produce relatively few jobs at high skill and wage levels, they increase wage inequality. One would therefore expect that population groups with low average skill levels would not only not benefit from such developments, but in fact feel further behind than ever as a high-technology based economy grows. National data that indicate that absolute wage levels for earners at the bottom of the U.S. wage distribution were falling over the same period, and the data for Georgia indicate that the gap in income between families in the top 10% of the distribution and those in the bottom 10% was indeed widening.

This project explored the consequences of high-technology development in Georgia for African Americans in the state. African Americans have been the state's largest minority racial/ethnic group for centuries, and still constitute 30% of the state's population. The history of slavery, segregation, and racism, however, has left this group clustered at the bottom of the economic scale from Emancipation through the present. One would expect that high-technology development in the state had benefited some African Americans, those with the education and access to resources to participate in it through employment or entrepreneurship, but produced very little if anything for the larger numbers of truly disadvantaged black Georgians. We test that hypothesis in our analysis here with data on employment in various sectors.

The direct benefits of employment or business opportunities in the high-technology economy, however, are not the only way African Americans in Georgia may have benefited from the state's high-technology economic development efforts. First, high-technology development may have produced other jobs in the state economy through its multiplier effect in other industries. We examined this possibility, and the extent to which the jobs that were probably generated indirectly would have been occupied by African Americans. Furthermore, a high-technology pattern of economic development could have had positive effects on such aspects of community life as access to health care, a cleaner environment, and the reduction of poverty. We also examined those possibilities in the project.