about half a million below the 1920 figure of 1,290,000. Too, there are fewer operators and farms. Although the average farm today is larger than in the past, it is still quite small and, consequently, yields a comparatively low income. Because of this, many farmers have found it necessary to seek part-time off-farm employment to supplement their incomes. Also, in the wake of these developments has come greater farm mechanization to improve productive efficiency and output.

Tennessee farmers have taken to shuffling resources from less- to more-productive uses to boost income. This has meant primarily a movement away from crops to livestock. Acreage-control programs for cash crops have hastened the development by encouraging farmers to diversify and find better uses for their land and labor. Now income from livestock and poultry products equals that from crops. Cattle, hogs, dairy products, and poultry are the chief livestock items. Cotton and tobacco are the principal cash crops, accounting in recent years for about two out of every five dollars of total farm income.

The Summing Up

One word—growth—characterizes the last 40 years of experience of both the Nashville Branch of the Federal Reserve Bank of Atlanta and the state of Tennessee. Without much stretch of the imagination, one can easily and reasonably envisage further progress resting upon capital development, exploitation of the state's abundant natural resources, and an increased diversification in agriculture, manufacturing, and other areas. As in the past, the Nashville Branch of the Federal Reserve Bank of Atlanta will play an important role in this expected development.

BASIL A. WAPENSKY

The new Nashville Branch building was formally dedicated on Friday, December 12. For this occasion the Directors of the Federal Reserve Bank of Atlanta held a Joint Meeting with the Boards of the Nashville, Birmingham, Jacksonville and New Orleans Branches. At a luncheon preceding the dedication ceremonies, Governor Charles N. Shepardson, member of the Board of Governors of the Federal Reserve System, addressed the group. Many other distinguished bankers and businessmen were present at the opening.

Upsurge in Time Deposits

At a time when many other economic measures were showing declines as a result of the recession, time deposits at Sixth District member banks grew at an unprecedented rate. All the District states have shared in the sharp rise in time deposits at banks that began in early 1957. Judging from the latest data available, the growth in time deposits is continuing although at a slightly slower rate.

Time deposits consist of a wide variety of accounts.

Time Deposits at Sixth District Member Banks
(Thousands of Dollars)

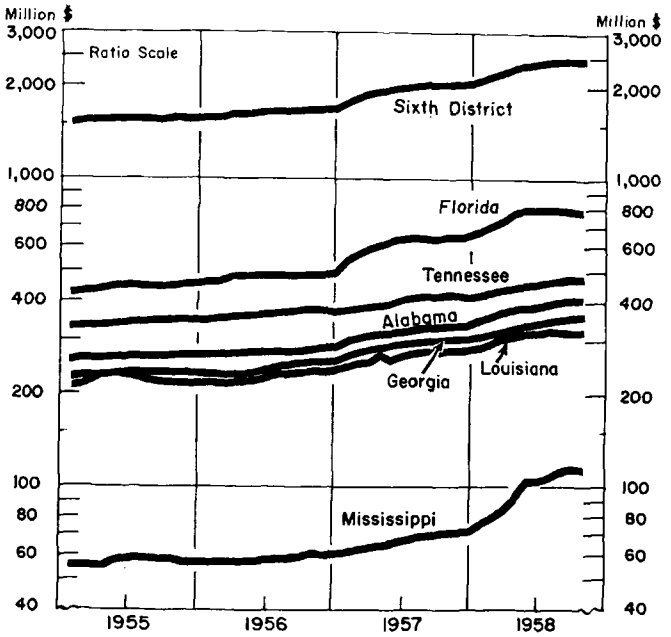
	June 6, 1957	*June 23, 1958*	*Percent of Total Increase*
Individuals, partnerships, and corporations:	1,800,678	2,216,142	+ 92.7
Savings	1,618,946	1,927,538	+ 68.9
Christmas savings and similar accounts	18,646	19,176	+ .1
Certificates of deposit	117,114	193,361	+ 17.0
Personal accounts	77,892	103,150	+ 5.6
Corporations and institutions	39,222	90,211	+ 11.4
Open accounts	45,972	76,067	+ 6.7
U. S. Government and Postal Savings	28,689	23,830	— 1.1
States and political subdivisions	132,060	165,816	+ 7.5
Banks	14,475	18,408	+ .9
Total Time Deposits	1,975,902	2,424,196	+100.0

Some of them represent actual savings, since they are probably invested for long periods. Most regular savings accounts, on which the holder may be required to give advance written notice of withdrawals, are of this type. In addition, a large proportion of time certificates of deposit may be considered actual savings. State and local governments, foreigners, and some holders of "open account" balances, for example, keep funds temporarily in time deposit accounts but do not consider them as long-term investments.

Time deposits at all Sixth District member banks totaled $2,500 million at the end of October. This represented a rise of 20 percent since the end of December 1957. During 1957, time deposits rose at a slightly faster rate—22 percent. The annual change for previous years had been much smaller, averaging about 8 percent.

Most of the rise in time deposits during the last two years is probably associated with the hike in early 1957 in rates banks pay on savings deposits, although we do not know all the reasons for the accelerated increase. The increase followed action by the Board of Governors of the Federal Reserve System and the Federal Deposit Insurance Corporation in late 1956 that raised the maximum rate insured banks are permitted to pay from 2½ percent to 3 percent. Time deposits began to rise sharply in January 1957, presumably as individuals, businesses,

Time Deposits
Sixth District Member Banks
1955-58



and governments shifted funds from other types of savings to take advantage of the higher rates.

Other types of savings undoubtedly were affected by this action, but it is difficult to determine which ones and to what extent. Although data on life insurance sales and savings and loan shares indicate that Sixth District residents were adding less rapidly to those forms of savings, part of the slower growth may reflect a reduction in income associated with the recession. It is possible that some individuals and corporations shifted funds from investment in Treasury bills or other securities to time deposits. In addition, the higher interest rates on time deposits may have prompted individuals and businesses to reduce their checking account balances by transferring funds to their savings accounts.

Although each of the District states has shown an increase in time deposits during the last two years, most of the sharp gain has been accounted for by member banks in Mississippi and Florida. In Mississippi the rate of growth has been exceptional, 19 percent in 1957 and 59 percent so far in 1958, or 89 percent for the two-year period. Time deposits at Florida member banks chalked up the next best record, with an increase of 62 percent since the end of 1956. Increases in the other states during the two-year period were somewhat less: Alabama and Georgia, 43 percent; Louisiana, 33 percent; and Tennessee, 30 percent.

Reserve city and country banks shared in the time deposit growth. Reserve city banks—the larger banks located in Atlanta, Birmingham, Jacksonville, Miami, Nashville, and New Orleans—reported a 34-percent gain between the end of 1956 and October 1958. The remaining banks—so-called country banks—gained 50 percent.

The reports of condition that member banks prepare regularly provide information on the types of time deposit balances that are responsible for the recent growth trend. The accompanying table shows the degree to which each type of account contributed to the rise from June 6, 1957, to June 23, 1958, the two dates for which the most comprehensive data are available. The table also shows the total amounts of the various types of accounts.

Although most types of savings rose significantly during this period, time deposits of individuals, partnerships, and corporations accounted for most of the increase. Within this category, savings deposits of individuals and nonprofit institutions, the largest component, were responsible for a large part of the rise. Time certificates of deposit, which are about equally divided between individuals and businesses, also rose appreciably as did time deposits held on open account.

The only type of time deposits that declined at District member banks during the period was United States Government deposits. States and local governmental units, on the other hand, increased their deposits.

W. M. Davis

Employment Picks Up

The current employment picture in the Sixth Federal Reserve District enables us to draw a happy contrast with what was happening just a year ago. This year employment is increasing; last year it was decreasing. The direction of change differs, but the degree of change is similar; it was small last year and has been small so far this year. Looking back over this year and last we see that nonfarm employment in the District declined somewhat from August 1957 through May 1958 and has since partially recovered. Between the high and low points, employment dropped slightly less than 3 percent; it had regained about half the loss by October. Recovery in this District has been about equal to that in the nation, but the previous decline here was less.

Cross Currents

Although District employment has picked up in recent months, a look at the details of the developments reveals a lot of variation from one type of activity to another and from place to place. This, of course, is not unusual in the early stages of business recovery, since each type of activity is subject to its own market influences, and activities vary among the states. As recovery advances, of course, increases typically become more and more widespread. We have yet to see whether or not the current recovery will continue to follow the typical pattern.

Both manufacturing and nonmanufacturing employment have risen since last May, but manufacturing em-