ECONOMICS, LABOR & BUSINESS

Women Lead the Recovery

"Recent Labor Market Trends" by Joyce K. Zickler, in *Federal Reserve Bulletin* (July 1977), Division of Administrative Services, Federal Reserve System, Washington, D.C. 20551.

The U.S. job market has improved significantly, with an estimated 6.5 million persons joining the ranks of the employed since March 1975, when unemployment stood at 9 percent. Prospects for adult males and the young have improved considerably, with employment levels for both running 2 percent above the pre-recession level in early 1974. Re-employment of workers laid off during the recession has climbed sharply.

But the most startling phenomena, reports Federal Reserve aide Zickler, are the absolute and relative gains made by adult females, accelerating a long-term trend. While their representation in the total civilian population (about 42 percent) has actually declined, the number of women finding employment outside the home—particularly in service industries—continues to increase. Fully half of the net gain in the labor force since 1975 is accounted for by adult women; employment of women is now 8 percent above its 1974 pre-recession level.

Zickler speculates that this unexpectedly high employment rate reflects economic pressures on many American families. After declining between 1973 and 1975, real per capita income increased by only 8 percent between 1975 and 1977—an unusually small rise for a recovery. This lag in family purchasing power spurred many housewives to seek employment. Zickler notes that, even as the economy regains its health, the number of working women may continue to increase as families try to "restore," and then to "expand," their incomes.

Regulating the Cashless Society

"An Overview of the Report of the National Commission on Electronic Fund Transfer Systems" by Douglas K. Wolfson, in *Rutgers Journal of Computers and the Law* (vol. 6, no. 1, 1977), Rutgers University School of Law, 180 University Ave., Newark, N.J. 07102.

Electronic Fund Transfer (EFT) systems are rapidly becoming an "integral part" of the telecommunications and computer revolution that is changing the world of U.S. banking and finance.

On the consumer side, EFT systems allow payment for goods at retail stores with a card that automatically records debits on the purchaser's bank account. They enable bank customers to deposit or withdraw funds via a 24-hour machine, provide for automatic payment of utility and telephone bills, and permit employers to send paychecks directly to employees' bank accounts. Now that

computers have an up-front role in American banking, says *Rutgers Journal* editor Wolfson, legal steps must be taken to ensure consumer privacy, provide proof of payment, and assess liability for negligence.

Use of EFT systems is not yet widespread. Banks and other "depositary institutions" have installed some 200 "off-premise" systems (in supermarkets and department stores, for example), with a modest 10,000 terminals. However, "rapid expansion" is anticipated—particularly when the federal government clarifies regulations dealing with the nature and status of EFT. A report is due this autumn from Congress's National Commission on Electronic Fund Transfer Systems.

According to an early draft of the report, writes Wolfson, the Commission will recommend that EFT terminals *not* be classified as bank branches, thus bypassing geographic restrictions on branch offices. It will also recommend that financial institutions share facilities, allowing customers of different banks to use the same terminal at retail outlets. (In general, EFT will parallel check and credit card operations.) The Commission will recommend finally that Congress safeguard the privacy of EFT transactions from access by government or other third parties, such as credit agencies, without due process of law.

Inflation vs. Democracy

"Inflation and the Destruction of Democracy: The Case of the Weimar Republic" by Lewis E. Hill, Charles E. Butler, and Stephen A. Lorenzen, in *Journal of Economic Issues* (June 1977), 509-J, Business Administration Building, Pennsylvania State University, University Park, Pa. 16802.

It has long been established that the great German inflation of 1919–23 helped destroy the Weimar Republic, which governed Germany between the dismemberment of the Kaiser's Empire (1918) and the rise of Hitler's Third Reich (1933). Analyzing the relationship between inflation and democratic attitudes in prewar Germany, the authors, economists at Texas Tech, conclude that inflation by its very nature remains the most serious structural threat to liberal self-government in the West.

German inflation progressed slowly during and immediately after World War I, but reached hyperinflation levels by late 1922. (Hyperinflation is defined as a price-increase rate of more than 50 percent a month for 12 months.) The German wholesale price index, with a base of 1 in 1913, increased to 36.7 in January 1922, 2,785 in January 1923, 74,787 six months later, and a staggering 750 billion by November. In December 1923, new currency, known as the *rentenmark*, was issued at an exchange rate of 1 trillion to 1.