

sizing anew the distinction between job losers who are permanently discharged and those who are temporarily laid off with the prospect of recall.

Since temporary layoffs are not systematically tabulated in the standard data series, the paper relies upon several bodies of evidence to appraise their importance. All in all, the various figures suggest that temporary layoffs involve much shorter spells of unemployment than do those stemming from permanent discharges; that, among job losers, they account for roughly 40 percent of the time spent in unemployment and more than half of the number of spells of unemployment; and that they are followed by an eventual return to the old jobs in about 85 percent of all cases.

In Feldstein's judgment, traditional models of unemployment do not square with these facts. The typical Keynesian view of cyclical unemployment is inconsistent with the relatively short spells of joblessness experienced by those on temporary layoff. And the search model is inapplicable since most workers who are temporarily laid off wait for recall rather than actively hunt for other jobs. Feldstein suggests that further research on temporary layoffs is needed to throw light on the Phillips curve, wage inflexibility, and the disincentive effects of the current system of unemployment insurance.

ERRATUM

In figure 1 of Arthur M. Okun, "Inflation: Its Mechanics and Welfare Costs," *BPEA*, 2:1975, pp. 374-75, the wholesale price index of sensitive industrial materials (except fibers) (bar D) for the period 58:2 to 59:2 should have been plotted to show an *increase*, rather than a *decrease*, of about 8 percent.