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Education

QUEEN'S UNIVERSITY, Ph.D. Candidate, Economics 2003 – Expected Summer 2008
QUEEN'S UNIVERSITY, M.A., Economics 2001
UNIVERSITY OF WESTERN ONTARIO, Honors B.A. with Distinction, Economics 2000

Research Fields: Macroeconomics; Policy Analysis; Labour

Job Market Research Papers:

- *The Dynamics of Sectoral Labour Adjustment*, QED Working Paper 1141, November 2007
- *Lost in Transition: The Costs and Consequences of Sectoral Labour Adjustment and Policy Responses*, QED Working Paper 1142, November 2007

Thesis Title: *Macroeconomic Studies of Labour Market Adjustments*

Thesis Supervisors: Allen Head and Thorsten Koepl

References

Allen Head

Professor of Economics
Queen's University
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Thorsten Koepl

Assistant Prof. Economics
Queen's University
Phone: 613-533-2271
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Gregor Smith

Professor of Economics
Queen's University
Phone: 604-827-5091
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Research Experience

C.D. HOWE FELLOW - C.D. Howe Institute, 2005
RESEARCHER - Finance Canada, Economic and Fiscal Policy Branch, 2004
ECONOMIST - Bank of Canada, Research Department, 2001-2003
RESEARCH ASSISTANT - Thorsten Koepl and Jim MacGee, 2006
- James MacKinnon, 2006
- Katsumi Shimotsu and Sumon Majumdar, 2005

Other Research: Policy Papers

- *Understanding Rules of Origin: A Critical Review of the Literature*, Department of Finance Working Paper WP2007-05, June 2007
- *How Canada Can Improve Its Development Aid: Lessons from Other Donors*, C.D. Howe Commentary No. 232, April 2006 (with Danielle Goldfarb)
- *Squeezing Gaps Shut: Responsible Reforms to Federal-Provincial Fiscal Relations*, C.D. Howe Commentary No. 225, December 2005 (with Finn Poschmann)
- *Exploring a Medium-Term Approach for Canadian Fiscal Policy*, 2006

Presentations

- *Costs and Consequences of Sectoral Labour Adjustment*, 2007-2008
Finance Canada; Université Laval; Wilfrid Laurier; University of Alberta
- Finance Canada, *Improving Canada's Development Aid*, 2006
- Canadian Economics Association
 - *Can A Medium-Term Target Improve Canada's Fiscal Policy?*, 2006 (Presenter)
 - *A Positive Theory of Government Debt*, 2006 (Discussant)
 - *Does a North American Business Cycle Really Exist?*, 2005 (Discussant)
- Finance Canada, *Understanding Rules of Origin*, 2004
- Bank of Canada, *Using Real-Time Data to Evaluate GDP Forecasts*, 2003
- Bank of Canada, *Modeling Canadian Government Balances*, 2002

Teaching

Interests: Macroeconomics; Development; International; Economic Policy; Time Series

- Instructor, Intermediate Macroeconomics, Queen's University, Fall and Winter 2006
- Course Coordinator, Intermediate Macroeconomics, 2006-2008
- Head Teaching Assistant, Macroeconomics, 2003-2005, 2006-2008
- Teaching Assistant, Macroeconomic Policy, 2001; Development Economics, 2000

Academic Awards

- Scholarship, Queen's School of Graduate Studies, 2006 and 2007
- C.D. Howe Fellowship, 2005
- Bauman Fellowship, Queen's School of Graduate Studies, 2003 and 2004
- Entrance Scholarship, Queen's School of Graduate Studies, 2000
- Dr. Glenn Campbell and Dr. Mark K. Inman Scholarship in Economics, U.W.O. 1999
- Walter J. Koenig Scholarship in Economics, U.W.O. 1999
- University of Western Ontario Faculty of Science Entrance Scholarship, 1997
- Ontario Public School Teachers Federation, Galbraith and Gale Bursary, 1996

Administration

- Graduate Student Executive: President, 2006-2007; Post-Comp Rep, 2006
- Society of Graduate and Professional Students, Economics Rep, 2006-2007

Dissertation Summary

Paper 1: *The Dynamics of Sectoral Labour Adjustment*

This paper develops an equilibrium search and matching model to jointly study the aggregate, sectoral, and distributional impacts of labour adjustment. The model extends Pissarides (2000) to include multisector production and search, and ‘innovation’ from investments that can potentially improve a match’s productivity. These extensions deliver two mechanisms for inter-sectoral and intra-sectoral labour reallocation after shocks. First, because workers search simultaneously in multiple sectors, changes in labour market conditions in one sector propagate to impact wages and hiring in the rest of the economy through a *reservation wage effect*. Second, a positive productivity shock causes firms to invest more resources in innovation. This *innovation effect* shifts production towards high-skill jobs and amplifies the impact of productivity shocks relative to the baseline model. I show that the model is useful for analyzing labour adjustments caused by a diverse set of factors including: technological change; persistent energy price and exchange rate shocks; and trade liberalization. Finally, because the transition dynamics between steady-states are tractable, the model can be readily-applied to the data to study particular labour adjustment episodes.

Paper 2: *Lost in Transition: The Costs and Consequences of Sectoral Labour Adjustment*

This paper demonstrates that factors impeding labour market adjustments can have first-order impacts on aggregate output and social welfare. While several studies find that individual workers can face large sectoral reallocation costs, this paper shows that these costs are important at the aggregate level. Using a search and matching model, I isolate and quantify two factors that contribute to the costly and time-consuming adjustment process: search frictions and an inability to transfer match-specific skills to new jobs.

I apply the model to examine Canada’s sectoral labour adjustment after a global increase in commodity prices and associated exchange rate appreciation. These developments re-organized production to the resource sector and away from manufacturing. The model quantitatively captures both the sectoral employment and wage effects and the response of unemployment to changes in unemployment benefits. The model estimates that the costs of adjustment are economically important, accounting for up to three percent of output during the transition. These costs arise mainly in the first three years after the shock and are due largely to non-transferable skills. Finally, the analysis reveals that changes to unemployment benefits impact the economy’s sectoral composition, aggregate productivity and the speed of adjustment.

Paper 3: *Ins and Outs of Canadian Unemployment: Implications for the Business Cycle*

A major reason economists study business cycles is because more people are unemployed in recessions. Unemployment rises because more people lose their jobs (separations) and because jobs are harder to find. This paper decomposes unemployment fluctuations to quantify the relative contributions of job-finding and separations in Canadian recessions.

In contrast to recent research for the U.S., such as Shimer (2005) and Hall (2005), which emphasizes almost exclusively the role of depressed job finding in the last few recessions, my results suggest separations play an important role in the Canadian business cycle. In addition, I find that recessionary job losses are concentrated mainly in durable goods industries, so changes in the industrial composition over the cycle help explain aggregate volatility.