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Research Interests

Monetary and Macro Economics: Search Theory, Wage and Price Dispersion, Inflation.

Education

Ph.D. Candidate, Economics, Queen's University, Kingston, Ontario, Fall 1998 to Present. Expected Completion Date - April 2003.

Thesis Title:

"Search, Market Power, and the Dispersions of Wages and Prices" (abstract attached)

Supervisor: Dr. Allen Head

M.Phil., Economics, Jawaharlal Nehru University, Delhi, 1992.

Thesis Title:

"Rural Non-Farm Employment: A Static and Dynamic Study of Inter-state Variations"

M.A., Economics, Jawaharlal Nehru University, Delhi, 1990.

Research Papers

"Price Dispersion, Inflation, and Welfare", with Allen Head, submitted to *the Journal of Political Economy*, June 2002.

"Unemployment Insurance, Productivity, and Wage Dispersion", submitted to *International Economic Review*, August 2002.

"Inflation and the Dispersion of Real Wages", Manuscript, October 2002 (Job Market Paper).

Publications

“Agricultural Development of Bihar”, in *Accelerating Growth through Globalization of Indian Agriculture*, edited by K.P. Kalirajan, G. Mytthili, and U. Sankar, Macmillan India Ltd., Delhi 2001, pages 167-195.

“Agriculture, Employment, and Poverty: Emerging Trends in Bihar”, with A. N. Sharma, in *Growth, Employment, and Poverty: Change and Continuity in Rural India*, edited by Chadha, G.K. and A.N. Sharma, Vikas Publishing House Pvt. Ltd., Delhi, 1997, pages 365-387.

“Indian Tea Exports – An Analysis of Performance and Constraints”, with Ramani Kumar, *Foreign Trade Review*, July-December, 1994, pages 160-180, (refereed).

“Determinants of the Incidence of Poverty among Rural Labor – a Cross-Sectional Study”, *Indian Journal of Labor Economics*, 37(4), October-December, 1994, pages 639-652, (refereed).

“Rural Non-Farm Employment – a Static and Dynamic Study of Inter-State Variations”, *Indian Journal of Labor Economics*, 36(3), July-September, 1993, pages 440-453, (refereed).

Work in Progress

- Search, Inflation, and Endogenous Skill Requirements

Other Research Projects

- In the United States residual wage dispersion increased considerably in the eighties and the nineties, while the inflation rate declined. I intend to assess the contribution of declining inflation rate in explaining the increase in residual wage dispersion by calibrating the model developed in my paper titled “Inflation and the Dispersion of Real Wages” to match the United States data.

Presentations and Participation in Conferences

Canadian Economic Association Annual Meeting 2002, Calgary, May 31st 2002: presented “Inflation and the Dispersion of Real Wages”.

Canadian Economic Association Annual Meeting 2001, Montreal, June 1st 2001: presented “Unemployment Insurance, Productivity, and Wage Dispersion”.

Numerically Intensive Economic Policy Analysis Meeting 2001, Queen’s University, Kingston, May 11th 2001: presented “Unemployment Insurance, Productivity, and Wage Dispersion”.

Discussant of the Paper “A Theory of Commerce: Competitive Search and Private Information” by Miquel Faig and Belen Jerez Presented in The Canadian Macro Study Group Meeting 2002, Queen’s University, Kingston, November, 8-9, 2002.

Attended Numerically Intensive Economic Policy Analysis Meeting 2002, Queen's University, Kingston, September 20-21, 2002 and Canadian Macro Study Group Meeting 2001, Vancouver, November, 9-10, 2001.

Awards and Scholarships

Ontario Graduate Scholarship 2002.

Ontario Graduate Scholarship 2001.

Queen's University Department of Economics Fellowship 2000.

Queen's University Graduate Award 1999.

Queen's University Graduate Award 1998.

Academic Work Experience

Teaching Experience

Instructor Queen's University, Kingston, Ontario.

Econ 110- Principles of Economics, Winter 2002.

Econ 421- Monetary Economics, Fall 2001.

Econ 112- Introductory Macro-Economics, Winter 2001.

Other Academic Experiences

Teaching Assistant, Queen's University, Kingston, Ontario.

Graduate Courses

Econ 837- Cost-Benefit Analysis, Spring 2001.

Econ 815B- Macro Economic Theory, Winter 2000.

Econ 815A- Macro Economic Theory, Fall 1999.

Undergraduate Courses

Econ 212- Micro Economic Theory I, Spring 2002.

Econ 320- Macro Economic Theory II, Fall 2000.

Econ 250- Introductory Statistics, Winter 1999.

Econ 250- Introductory Statistics, Fall 1998.

Research Assistant to Dr. Allen Head.

Summer 2000, Fall 2002.

Non-Academic Work Experience

Senior Research Officer, Planning Commission, Government of India, Delhi, August 1996 to August 1998.

Research Officer, Planning Commission, Government of India, Delhi, September 1993 to August 1996.

Assistant Director, Ministry of Finance, Government of India, Delhi, November 1992 to August 1993.

Research Projects

“Levels of Economic Development in India” a research project sponsored by *the Royal Netherlands Embassy*, Delhi 1998.

“Globalization of Indian Agriculture” a research project jointly undertaken by *Australian National University*, Canberra and *Madras School of Economics*, Chennai, 1998.

“Private Investment, Agricultural, and Employment Sub-models” of *the Technical Note on the Ninth Five Year Plan*, 1998-99.

“Impact of Structural Change on Employment and Labor Market – a Case Study of Bihar”, a research project sponsored by *UNDP*, 1995.

“Employment and Agricultural Sub-Models” of *the Technical Note on the Eighth Five Year Plan*, 1993-94.

Membership

American Economic Association
Canadian Economic Association
Indian Society of Labor Economics

Computer Skills

Operating Systems: Unix, Linux, DOS, Windows 95/98

Programming Language: Gauss, Java

Statistical Applications: Micro-TSP, RATS, STATA

Others: Tex, Maple, Mathcad, MS Office

Referees

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Thesis Abstract

My thesis analyzes the effects of unemployment insurance and inflation in a search environment in which firms enjoy market power. In particular, it uses the wage and the price posting models and examines the effect of unemployment insurance on wage dispersion, the effect of inflation on the dispersions of wages and prices, and macro-economic implications of these policies. The thesis consists of three research papers.

Unemployment Insurance, Productivity, and Wage Dispersion

This paper studies the effects of unemployment insurance on productivity, output, and residual wage dispersion in a search environment in which the firms enjoy monopsony power in the labor market. The model features wage posting by the firms and on-the-job search by the workers. The unemployed workers receive unemployment benefits financed by a proportional pay-roll tax. In equilibrium, unemployment insurance increases welfare not only by providing consumption-smoothing benefits but also by increasing output. Additionally, higher unemployment benefits lead to less residual wage dispersion, compression of the lower half of the wage earnings distribution, and a smaller incidence of low wages.

Price Dispersion, Inflation, and Welfare

This paper examines the effects of inflation on price dispersion and welfare in a search economy with monetary exchange. In the model *ex ante* identical buyers search among prices posted by identical sellers. If the probability that a buyer observes only one price is strictly between zero and one, then stationary monetary equilibrium necessarily exhibits dispersion of real prices. If the measure of buyers observing a single price is fixed, both price dispersion and the average real price level are increasing in the inflation rate. Money creation lowers welfare through the inflation tax, the Friedman rule is optimal (in the limit), and the welfare costs of deviating from it are larger with price dispersion than they would be if the price distribution were concentrated at the marginal cost price (as it is if all buyers observe at least two prices). If households choose the number of prices to observe, then the Friedman rule is not optimal. Rather, up to some point increased inflation will raise welfare by eroding sellers' market power.

Inflation and the Dispersion of Real Wages

This paper analyzes the effects of inflation on real wage dispersion and welfare in a cash-in-advance economy with a Walrasian goods market but a labor market with search friction in which firms enjoy monopsony power. In the labor market, the firms post wages and both the employed and the unemployed workers search among the posted wages. In equilibrium, a higher inflation rate reduces the dispersion in real wages. This result is consistent with both the observed trends in wage dispersion and the inflation rate witnessed in the 1980s and the 1990s in the U.S. and the empirical literature linking reduced inflation to greater wage dispersion. Higher inflation also lowers consumption, output, vacancies, and employment. Moreover, the optimal inflation rate exceeds the Friedman rule.