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# Devika Dutt

## CONTACT INFORMATION

117 Gordon Hall  
Department of Economics  
University of Massachusetts, Amherst  
412 North Pleasant Street  
Amherst, MA, 01002

Email: ddutt@umass.edu;  
ddutt@bu.edu  
Phone: +1-413-362-4857

## EDUCATION

<b>University of Massachusetts Amherst</b> PhD candidate in Economics	2014-present
<b>Jawaharlal Nehru University</b> Center for Economic Studies and Planning M.A. Economics	2011-2013
<b>Hindu College, University of Delhi</b> B.A. (Hons.) Economics	2008-2011

## JOB MARKET PAPER ABSTRACT

**The Political Economy of the Cost of Foreign Exchange Intervention: Can Reserve Accumulation be Counterproductive?**

Central Banks around the world increasingly intervene in the foreign exchange market for a variety of reasons, such as providing a protective buffer in the event of a sudden stop or reversal of capital flows. As a result, there has been an unprecedented accumulation of foreign exchange reserves on the balance sheets of central banks around the world, especially in developing and emerging economies. Therefore, several central banks have built some capacity to act as a lender of last resort, even when emergency liquidity required is not denominated in their own currency, thereby reducing the probability of default by borrowers in their country in the event of a financial crisis. This paper examines whether the accumulation of reserves due to foreign exchange intervention can be counterproductive by encouraging the inflow of volatile capital flows that are linked to the occurrence of financial crises. It builds a model of capital flows in which the accumulation of reserves by central banks encourages over-lending and thereby creates the conditions for crises. Furthermore, this paper tests the hypotheses made in the model, and finds that episodes of high reserve accumulation are likely to be followed by surges in inflows of capital within one year, and a heightened probability of the occurrence of a currency crisis within two years. As a result, foreign exchange reserves that are increasingly held to act as a buffer against the effect of volatile capital flows, may be counterproductive.

## DISSERTATION COMMITTEE

**Chair:** Gerald Epstein  
Professor and co-Director  
Department of Economics and Political Economy Research Institute  
University of Massachusetts Amherst  
Email: gepstein@econs.umass.edu  
Phone: +1-413-577-0822

Peter Skott  
Professor  
Department of Economics  
University of Massachusetts Amherst  
Email: pskott@econs.umass.edu  
Phone: +1-413-545-6358

Daniele Girardi  
Assistant Professor  
Department of Economics  
University of Massachusetts Amherst  
Email: dgirardi@umass.edu  
Phone: +1-413-577-0808

Adam Honig  
Professor  
Department of Economics  
Amherst College  
Email: ahonig@amherst.edu  
Phone: +1-413-542-5032

Kevin Young  
Associate Professor  
Department of Political Science  
University of Massachusetts Amherst  
Email: kevinlyoung@polsci.umass.edu

RESEARCH  
INTERESTS

International finance and trade  
Finance and Imperialism  
Public-ownership of Banks  
Economic Development  
Macroeconomics of Developing Economies

TEACHING  
COMPETENCIES

Macroeconomics  
Monetary Economics  
International Finance  
Economic Development  
International Political Economy

PUBLICATIONS/  
WORKING PAPERS

“Trade Liberalization and Fiscal Stability: What the Evidence Tells Us” in *Global Policy Journal* (with Kevin P. Gallagher and Rachel D. Thrasher). *Forthcoming*.

“The Cost of Foreign Exchange Intervention: Trends and Implications” in *The Political Economy of International Finance in An Age of Inequality: Soft Currencies, Hard Landings*. G. Epstein. Edward Elgar. 2018.

“Public Banks and the Great Financial Crisis of 2007-2008” (with Gerald Epstein) in *Palgrave Studies in the History of Finance- Financial Innovation and Resiliency: A Comparative Perspective on the Public Banks of Naples (1462-1808)*. L Costabile and L. Neal. Palgrave Macmillan. 2018.

“Does greater Public Ownership in the Financial System Promote Superior Performance?: A Survey of the Literature”. Political Economy Research Institute. Working Paper 446. December 2017. [url](#)

PROFESSIONAL  
EXPERIENCE

**Research Fellow, Global Development Policy Center, Frederick S. Pardee School of Global Studies, Boston University** January 2019- present  
Economist for the Trade and Fiscal Stability project.

**Research Assistant, Political Economy Research Institute, University of Massachusetts Amherst** May 2016- January 2019  
Research assistant to Gerald Epstein, Co-Director, Political Economy Research Institute, and Professor, Department of Economics, on projects related to macroeconomics and finance.

**Research Assistant, Department of Economics, University of Massachusetts Amherst** September 2016- present  
Research assistant to Mwangi wa-Githinji, Associate Professor and Graduate Program Director, Department of Economics, on project related to measuring sophistication of export baskets of African countries.

**Research Assistant, Center for Public Policy and Administration, University of Massachusetts Amherst** January 2016 - May 2016

Research Assistant to M.V. Lee Badgett, Director, Center for Public Policy and Administration on projects related to discrimination and growth outcomes. Additionally, manage and develop website of the Equal Employment Opportunity Data Network project (EEODataNet).

**Consultant, Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ), New Delhi** June 2015 - August 2015

Provided research assistance on projects related to financial education and financial inclusion implemented in collaboration with the National Agricultural Bank for Rural Development. Cleaned, processed, and analyzed data for the evaluation of the effectiveness of the program. Also wrote and edited reports for the same project.

**Consultant, Sesame Workshops India Pvt Ltd** February 2014 - April 2014

Provided statistical audit for program evaluation for their pre-school intervention program. Processed Baseline and Endline surveys, coded and analyzed data thus obtained to check effectiveness of program

**Intern, National Council for Applied Economic Research, New Delhi** May 2012 - June 2012

- Research Assistant to Dr Aradhana Aggarwal, Senior Fellow and Dr Sohini Paul, Fellow at NCAER for the Kerala Perspective Plan Project. Assisted with data collection, cleaning, and preliminary analysis.
- Co-wrote an article with Dr Sohini Paul for Macro-Track, the internal publication of NCAER on Child Nutrition in India.

**Intern, Secretariat of Infrastructure, Planning Commission, New Delhi** May 2010 - July 2010

- Associated with project of setting up 5000 model schools in backward districts through Public Private Partnership.
- Contributed to the formulation of Key Performance Indicators for the same.

## TEACHING EXPERIENCE

**Teaching Associate, University of Massachusetts** May 2019 - June 2019  
Online Teaching Associate for undergraduate Intermediate Macroeconomics course

**Teaching Associate, University of Massachusetts** December 2018 - January 2019  
Online Teaching Associate for undergraduate Intermediate Macroeconomics course

**Teaching Assistant, University of Massachusetts** September 2014 - January 2016

- Teaching Assistant to Professor J. Kevin Crocker for his undergraduate course, Introduction to Macroeconomics
- Teaching Assistant to Professor Douglas Cliggott for his undergraduate course, Money and Banking
- Teaching Assistant to Professor Arslan Razmi for his graduate course, Mathematical Methods in Economics

**Teaching Assistant, Young India Fellowship** February 2014 - April 2014

Teaching Assistant to Professor A.K. Shivakumar for his course, Economics and Public Policy: An Introduction to Applied Microeconomics

**Remedial Class Instructor, Center for Economic Studies and Planning, Jawaharlal Nehru University** February 2014 - May 2014

Conducted tutorial classes for Professor Rohit Azad for his course for Masters students on Money and Banking Institutions

COMPUTER SKILLS	<b>Statistical packages:</b> Stata <b>Programming languages:</b> R, MATLAB, html <b>Typesetting languages:</b> LaTeX	
AWARDS AND SCHOLARSHIPS	PERI Dissertation Fellowship Economics Department and Dean's Summer Dissertation Fellowship Junior Research Fellowship of the University Grants Commission	2012-2014
SELECTED CONFERENCE PRESENTATIONS	Presented at the Axel Leijonhufvud Summer School in Adaptive Economic Dynamics, 2019, Trento, Italy	June 3-14, 2019
	Organized Panel at the Annual Allied Social Science Association Meeting, Atlanta, Georgia, USA	January 4-6, 2019
	Presented at the UNCTAD Summer School, 2018 United Nations Conference of Trade and Development, Geneva, Switzerland	September 3-7, 2018
	Organized Panel at the Annual Conference of the Eastern Economic Association Boston, USA	March 1-4, 2018
	Organized Panel at the Annual Allied Social Science Association Meeting Philadelphia, USA	January 5-7, 2018
	UMass-New School for Social Research Graduate Workshop, 2017 New School for Social Research, New York City, USA	October 28-29, 2017
	Conference on the Rise of Modern Banking in Naples, Fondazione Banco di Napoli, Naples, Italy	June 15-17, 2017
	Trento Festival of Economics, Trento, Italy	June 1-4, 2017
	Workshop on Institutional Responses to Financial Crises, 1870 to 2017, Young Scholars Initiative, Institute for New Economic Thinking, New York, USA	May 12-13, 2017
	UMass-New School for Social Research Graduate Workshop, 2016 Amherst, Massachusetts	November 12-13, 2016
	Plenary of the Young Scholars' Initiative, Institute for New Economic Thinking, Central European University, Budapest, Hungary	October 19-22, 2016
PUBLIC ENGAGEMENT AND ACADEMIC SERVICE	Reviewer for PSL Quarterly Review	2019
	Reviewer for Journal of Economic Issues	2019
	Reviewer for Review of Social Economics	2019
	Co-founder and Steering Group Member, Diversifying and Decolonising Economics (d-econ.org).	March 2019 - present
	Article for <i>Institute for New Economic Thinking</i> : "Diversity	March 11, 2019

and Excellence: Not a Zero-Sum Game” (url) (with Besiana Balla Ingrid Harvold Kvangraven, Jenny Tue Anh Nguyen, Reinhard Schumacher, Naomi Friedman-Sokuler, and Liliam Rolim.

Letter to the Editor of the *Financial Times*: “Lack of Diversity in your Summer Economics Reading List” (with Carolina Alves, Besiana Balla, and Ingrid Harvold Kvangraven) url. July 17, 2018

Blogpost on *Developing Economics*: “An Alternative Economics Summer Reading List” (with Carolina Alves, Besiana Balla, and Ingrid Harvold Kvangraven) url. July 1, 2018

Interview with *The Real News Network* on “Private or Public Banks: Which is More Efficient?” url. January 16, 2018

Organizer, INET Young Scholars’ Initiative, Financial Stability Working Group August 2017 - present

- Organized Asia Convening of the Young Scholars’ Initiative August 12 -14, 2019
- Organized Workshop at the Annual Conference of the International Confederation of Associations for Pluralism in Economics, Atlanta, Georgia January 3, 2019
- Organized Africa Convening of the Young Scholars’ Initiative at the Fourth Annual Conference of the Zimbabwe Historical Association, Harare, Zimbabwe August 16 -18, 2018
- Organized Webinar Series on the Digital Economy June 2018 - October 2018
- Organized Webinar on Exchange Arrangements in the 21st Century, with Ethan Ilzetzki December 15, 2017

Co-founder and member, Diversity Task Force, Young Scholars’ Initiative October 2017 - June 2018

#### REFEREES

Gerald Epstein  
Professor and co-Director  
Department of Economics  
and Political Economy Research Institute  
University of Massachusetts Amherst  
Email: gepstein@econs.umass.edu  
Phone: +1-413-577-0822

Kevin Gallagher  
Professor and Director  
Frederick S. Pardee School of Global Studies  
and Global Development Policy Center  
Boston University  
Email: kpg@bu.edu  
Phone: +1-617-353-9348

Peter Skott  
Professor  
Department of Economics  
University of Massachusetts Amherst  
Email: pskott@econs.umass.edu  
Phone: +1-413-545-6358