

February 18, 2021

# Devika Dutt

## CONTACT INFORMATION

117 Gordon Hall  
Department of Economics  
University of Massachusetts, Amherst  
412 North Pleasant Street Amherst, MA, 010002

Email: [ddutt@umass.edu](mailto:ddutt@umass.edu);  
Website: [www.devikadutt.com](http://www.devikadutt.com)

## EDUCATION

**University of Massachusetts Amherst** 2014- 2021  
PhD in Economics  
**Dissertation Title:** The Political Economy of the Costs of Foreign Exchange Intervention

**Jawaharlal Nehru University** 2011-2013  
Center for Economic Studies and Planning  
M.A. Economics

**Hindu College, University of Delhi** 2008-2011  
B.A. (Hons.) Economics

## JOB MARKET PAPER ABSTRACT

### **Exorbitant Privilege or Ultimate Responsibility: Access to International Lender of Last Resort**

As the issuers of the global reserve currency, the U.S. dollar, the Federal Reserve and the U.S. Treasury are the de facto international lender of last resort (ILLR) institutions in the global economy. Access to emergency liquidity in the U.S. Dollar is the most effective aspect of the global financial safety net. However, only some countries have access to the international lenders of last resort. In this paper, we explore the selective provision of emergency lending provided by the Federal Reserve, in the form of Reciprocal Currency Arrangements or swap lines, and in the form of a short term loan from the U.S. Treasury's Exchange Stabilization Fund. Furthermore, we investigate the economic and political factors in explaining the differential support provided by these lenders of last resort and the conditions under which this support is extended. We provide a historical account of the evolution of the role these ILLR institutions have played since 1962, and how the relationship between the Federal Reserve and the U.S. Treasury has changed in this regard. Thereafter, we estimate a panel logit model to assess the relative importance of several economic and political factors in explaining access to ILLR institutions between 1982 and 2018. We find that several political factors like capital account openness, trade and defense agreements with the United States, and party composition of the United States government play an important role in determining access to the ILLR institutions. We also confirm that the relative exposure of the assets of U.S. banks to an economy and an economy's share in US exports also play an important role. Therefore, this paper shows that even though these ILLR institutions are the only ones that have the capacity to serve as the International Lender of Last Resort, the extension of ILLR support is exercised in a discretionary and politically strategic manner.

## DISSERTATION COMMITTEE

**Chair:** Gerald Epstein  
Professor and co-Director  
Department of Economics and Political Economy  
Research Institute  
University of Massachusetts Amherst

Daniele Girardi  
Assistant Professor  
Department of Economics  
University of Massachusetts Amherst

Adam Honig

Kevin Young

Professor  
Department of Economics  
Amherst College

Associate Professor  
Department of Political Science  
University of Massachusetts Amherst

PUBLICATIONS/  
WORKING PAPERS

“The Fiscal Impacts of Trade and Investment Treaties” (with Kevin P. Gallagher), Global Economic Governance Initiative Working Paper No. 40. July 2020. [url](#). [*Under Journal Review*].

“Growing Share of Online Trade Undercuts Government Ability to Pull in Revenue” (with Rachel D. Thrasher). Global Economic Governance Initiative Policy Brief 012. July 2020. [url](#)

“Trade Liberalization and Fiscal Stability: What the Evidence Tells Us” in Global Policy Journal, Volume 11, Issue 3 (with Kevin P. Gallagher and Rachel D. Thrasher).2020. [url](#)

“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](#)

WORK IN PROGRESS

“Can Reserve Accumulation be Counterproductive?: The Unintended Consequences of Foreign Exchange Intervention”

“Decolonizing Economics” with Carolina Alves, Surbhi Kesar, and Ingrid Harvold Kvangraven, Polity Press 2021.

“Exorbitant Privilege or Ultimate Responsibility?: Access to the International Lender of Last Resort”

BOOK REVIEWS

Review of *The Deficit Myth: Modern Monetary Theory and How to Build a Better Economy* by Stephanie Kelton. Global Policy Journal. 2021. [url](#).

RESEARCH  
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, which explores the link between trade liberalization and the government tax revenue, expenditure, and debt. Writing journal articles and policy briefs, and presenting in workshops with academics, lawyers, and policymakers. Supervised data collection by Research Assistant.

**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. Provided background research on projects on government-ownership of banks, and the role of private banks in tax avoidance by multinational corporations, among others.

**Research Assistant, Department of Economics, University of Massachusetts Amherst**  
September 2016- August 2018

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. Manipulated and analyzed large datasets to create measure of export sophistication and analyzed its impact on economic value added and welfare.

**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, managed and developed website of the Equal Employment Opportunity Data Network project (EEO-DataNet).

PROFESSIONAL  
EXPERIENCE

**Consultant, International Labour Organisation** August 2020– present

Examining the policy conditions in COVID-19 related loans extended by the International Monetary Fund and their impact on the economic and social policy responses of national governments.

**Consultant, International Trade Union Confederation** March 2020 - July 2020

Preparing policy briefs for the Economic and Social Policy Team on topics including but not limited to social protection, recovery and reconstruction, monetary policy, and tax policy.

**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

**Instructor, University of Massachusetts** Summer 2020  
Undergraduate Intermediate Macroeconomics Winter 2019  
(online) Summer 2018

**Teaching Assistant, University of Massachusetts** September 2014 - January 2016  
Mathematical Methods in Economics (Graduate) Fall 2015

	Money and Banking Institutions Introduction to Macroeconomics	Spring 2015 Fall 2014
	<b>Teaching Assistant, Young India Fellowship</b> and Public Policy: An Introduction to Applied Microeconomics	February 2014 - April 2014 Economics
	<b>Remedial Class Instructor, Center for Economic Studies and Planning, Jawaharlal Nehru University</b> Money and Banking Institutions (Graduate)	February 2014 - May 2014
AWARDS AND SCHOLARSHIPS	PERI Barnard Family Fellowship Political Economy Research Institute Dissertation Fellowship Economics Department and Dean's Summer Dissertation Fellowship Junior Research Fellowship of the University Grants Commission	August 2020 January 2020 May 2019 2012-2014
COMPUTER SKILLS	<b>Statistical packages:</b> Stata <b>Programming languages:</b> R, MATLAB, html <b>Typesetting languages:</b> LaTeX	
SELECTED CONFERENCE PRESENTATIONS	Organized Panel at the Annual Allied Social Science Association Meeting, San Diego, California, USA	January 3-5, 2020
	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
	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,	October 19-22, 2016

Budapest, Hungary

PUBLIC                      Reviewer for Review of International Political Economy  
ENGAGEMENT AND  
ACADEMIC SERVICE      Reviewer for PSL Quarterly Review

Reviewer for Journal of Economic Issues

Reviewer for Review of Social Economics

Co-founder and Steering Group Member, Diversifying and                      March 2019 - present  
Decolonising Economics ([d-econ.org](http://d-econ.org)).

Article for *Institute for New Economic Thinking*: “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.

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

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

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

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

REFEREES                      Gerald Epstein                      Kevin Gallagher  
Professor and co-Director                      Professor and Director  
Department of Economics                      Frederick S. Pardee School of Global Studies  
and Political Economy Research Institute                      and Global Development Policy Center  
University of Massachusetts Amherst                      Boston University  
Email: [gepstein@econs.umass.edu](mailto:gepstein@econs.umass.edu)                      Email: [kpg@bu.edu](mailto:kpg@bu.edu)  
Phone: +1-413-577-0822                      Phone: +1-617-353-9348

M.V. Lee Badgett  
Professor  
Department of Economics  
University of Massachusetts Amherst  
Email: [lbadgett@econs.umass.edu](mailto:lbadgett@econs.umass.edu)  
Phone: +1-413-545-3162