
SUMANT RAI

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EDUCATION

Ph.D., Economics, University of Washington, Seattle WA, June 2012 (expected)
Dissertation Title: *Essays on Social Capital and Economic Growth*
Dissertation Committee: Stephen Turnovsky (Chair), Oksana Leukhina, Richard Hartman
MA, Economics, Delhi School of Economics, University of Delhi, India, 2002
BA, Economics, University of Delhi, India, 2000

FIELDS

Primary: Economic Growth, Macroeconomics, Institutional Economics
Secondary: Econometrics

RESEARCH PAPERS

“Social Capital and Economic Growth” (*Job Market Paper*)
“Social Capital Accumulation, Physical Capital Accumulation and Innovation in a Schumpeterian Growth Model” (*Work in Progress*)
“Optimal Tax Policy to Finance Formal Institutions in Response to Declining Social Capital” (*Work in Progress*)
“Knowledge Accumulation versus Social Capital Accumulation” (*Work in Progress*)
“Peer to Peer Advertising through Social Networking Websites” (with P. Chatterjee) (*Work in Progress*)

TEACHING EXPERIENCE

Instructor, University of Washington

Econ 483: Econometric Applications (SP 11)
Econ 482: Econometric Theory and Practice (AU 10, SU/AU 11, WI 12)
Econ 471: International Trade (WI/SP/SU 10)
Econ 300: Intermediate Microeconomics (WI/SP/AU 09)
Econ 201: Introduction to Macroeconomics (AU 07, WI/ 08)
Econ 200: Introduction to Microeconomics (SU 06)

Teaching Assistant, University of Washington

Econ 508: Microeconomic Theory III (SP 07, SP 08)
Econ 200: Introduction to Microeconomics (WI/SP/AU 06, WI 07)

Guest Lecturer, Delhi School of Economics, University of Delhi, (Sep – Oct 04)

RESEARCH EXPERIENCE

Research Assistant to Prof. Pami Dua (Delhi School of Economics, India)

I worked on several projects during this period. The work profile included literature review, data collection, estimation using various time-series models (ARIMA, ARCH/GARCH, VAR, VECM, and Bayesian VAR), diagnostic checking, forecasting and analysis of results.

Projects undertaken:

- Interest Rate Modelling and Forecasting in India (2002-03)
- Economic Outlook: India 2003-05 – A part of the project: “Macroeconometric Modeling for India” (2003)
- Economic Indicator Approach and Sectoral Analysis: Predicting Cycles in Growth of Indian Exports (2004)
- Monthly Report on Forecasting and Tracking the Indian Economy Using “DSE-ECRI Leading and Coincident Indexes” (2003-05)
- Analysis of Consumer's Perceptions of Buying Conditions for Houses (2004)
- China Accession to WTO: Implications for India (2004)
- Capital Flow Volatility and Exchange Rates: The Case for India (2004-05)

HONORS AND AWARDS

The Steven Langton Award for Distinguished Undergraduate Teaching (2010-11)

The James O. York Fellowship (2005-6)

The Preston Scholarship (2005-6)

COMPUTER SKILLS

Mathematica, Matlab, Stata, Eviews, RATS, Microfit, Microsoft Office, LATEX

PERSONAL

Citizenship/VISA: India/F-1

Languages: English (Fluent), Hindi (Native)

REFERENCES

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“Social Capital and Economic Growth” (*Job Market Paper*)

Abstract: This paper presents a new framework to analyze the dynamic relationship between social capital and economic growth. This relationship has been analyzed in a quality-ladder growth model where only a few sectors experience technological shock every period leading to labor reallocation within the economy. Social capital (trust, norms, networks) increases as people socialize and decreases with labor migration as social capital is person and place specific. We characterize the equilibrium in which a higher level of social capital increases growth through higher investment but at the same time higher growth weakens social capital due to an increase in labor reallocation rate and less socialization. We show that in the absence of formal institutions, a higher rate of innovation (or adoption of newer technologies) lowers R&D investment as it weakens existing informal institutions. In order for a country to experience sustained higher growth rate, alternative formal institutions must be improved. A poor country lacking in resources or will to develop formal institutions will be caught up in poverty trap even if they transplant technologies of rich countries. The model, therefore, provides another explanation of why poor countries do not catch up.

“Social Capital Accumulation, Physical Capital Accumulation and Innovation in a Schumpeterian Growth Model” (*Work in Progress*)

Abstract: This paper extends my work on social capital and economic growth by including physical capital in to the model. We find that an increase in innovation parameter reduces both R&D investment and K while increasing the rate of growth in the economy. As earlier, decline in socialization and increase in labor migration rate reduces social capital, reducing the strength of institutions in the economy. As cheating rises, formal institutions, therefore, must be improved. A subsidy to capital accumulation raises physical capital accumulation. Long run growth rate rises as a result of increase in R&D investment. A subsidy in R&D sector raises long run growth by raising R&D investment while physical capital declines.

“Optimal Tax Policy to Finance Formal Institutions in Response to Declining Social Capital” (*Work in Progress*)

Abstract: In this paper, we explore the optimal policy to finance formal institutions in response to declining social capital when an economy wishes to achieve higher growth rate. We consider three sources of financing: consumption tax, tax on labor income, and tax on interest income. We find that there is no distortion in the economy due to different taxes and therefore the results are exactly the same as if the lump sum tax were employed.