

## **Austerity and Economic Growth: Concepts for Europe**

### **Call for Proposals**

#### **Summary**

SAFE is now accepting proposals for academic research projects in its first round of funding. The topic of the call is “Austerity and Economic Growth: Concepts for Europe”. The objective is to solicit proposals for papers that examine the nature of the relationship between austerity, debt sustainability and growth. A special focus will be on the impact of austerity programs on the real economy and the effects on consumption, investment, jobs and growth.

Researchers are invited to submit proposals with a compact (maximum 5-page) research outline. Five projects will be selected to receive a grant of € 10,000 each. The aim should be to produce an academic paper suitable for submission to a major journal. The researchers will also be asked to present their work in Frankfurt at a SAFE conference to be held in summer 2014 and to transfer their results to a policy publication following the conference.

Selection of proposals will be made by an international committee of referees, including Costas Azariadis, Roel Beetsma, Henning Bohn, Athanasios Orphanides and Alfons Weichenrieder.

The deadline for submission is 10 September 2013.

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## **Center of Excellence SAFE “Sustainable Architecture for Finance in Europe”**

SAFE is a new joint research center of Goethe University and the Center for Financial Studies dedicated to top-level research and research-based policy advice in the area of finance. The Center receives funding by the State of Hessen’s “LOEWE” excellence initiative. SAFE will investigate the requirements for an optimal regulatory and policy framework for financial markets and their players, taking into account the complex interactions between them. The research program follows a comprehensive approach combining five key research areas – financial institutions, corporate governance, household finance, financial markets, and macro finance, augmented by two so-called “research labs” (on systemic risk and on transparency) that exploit insights from, and promote interactions between the five research areas. Faculty members of Goethe University are heading the research areas and labs, but the center includes in its list of fellows a large number of distinguished researchers from many different institutions and countries.

SAFE promotes close interaction between researchers working on a wide range of fields (ranging from Macroeconomics and Finance to Law and Marketing and potentially to Political Science, Sociology, Psychology, Mathematics and Neuroscience), as well as between researchers and policy makers tackling the new challenges and growing imbalances in Europe and worldwide. In this context, SAFE undertakes a variety of initiatives, including research and policy conferences, workshops and public lectures.

SAFE launched its first round of projects in 2013 and is now happy to announce an extension of its program with a call for proposals on “Austerity and Growth: Concepts for Europe”.

### **Topic of the call**

The debate on austerity and its precise link to growth has been revived following the austerity plans that are being adopted by governments throughout Europe in response to pressures by EU institutions and the IMF. Important and far-reaching questions arise regarding the nature of this link. Is there a tradeoff between austerity and long-run growth? Is a successful austerity program a precondition for sustainable long-run growth? Do adherence to strict austerity and the ensuing recession have permanent effects on the ability of a nation to get on a long-run growth path? Should all Eurozone countries adopt austerity programs simultaneously? What should be the consequences of failure to implement austerity? How do we optimally monitor the success of austerity programs and assess if austerity has gone too far? How can institutions be developed to minimize the negative effects of austerity and maximize the potential for long-term growth? How does austerity relate to the future of the Euro? What is the connection between austerity, migration, and growth prospects? How could the consequences of austerity on youth unemployment be minimized? What is the effect of austerity programs on expectations, risk taking, entrepreneurship and innovation? Are there alternatives to austerity programs when it comes to ensuring debt sustainability and country solvency?

The topic of the paper should present policy-relevant work on austerity and economic growth with a focus on Europe. The submission of papers in the following fields is especially encouraged:

- Optimal debt size/sustainable levels of public debt
- Growth friendly deficit and debt rules
- Causal effects of government debt on growth

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- Research and technology for growth
  - Accountability versus solidarity
  - Restructuring sovereign debt and its consequences
  - Austerity and the strain on household finances
  - Austerity and youth unemployment
  - Austerity and institutional reform
  - The moral hazard effects of joint liability for government debt
  - A European Redemption Pact?

### **Funding and duration**

Five grants of € 10,000 each will be awarded to researchers who are willing to produce a paper suitable for submission to a major economic journal within a 12 month period. The authors will be requested to present their contributions at a conference on the topic of the call. We also intend to publish a book or other outlet with policy summaries following the conference. The authors are also invited to contribute to this.

Applicants should adhere to the following timetable:

10 September 2013	Submission of application
30 October 2013	Announcement of Award winners
15 May 2014	Submission of paper for conference
14 June 2014	Conference on Austerity & Growth
31 August 2014	Submission of Policy Brief
October 2014	Target date for submission to major journal

### **Proposal submission**

Please submit the completed application form together with your CV, preferably in pdf format, to [safe-call@safe.uni-frankfurt.de](mailto:safe-call@safe.uni-frankfurt.de). The submission guidelines are attached.

### **Proposal eligibility and evaluation**

The Selection Committee is composed of the following distinguished scholars: Costas Azariadis, Roel Beetsma, Henning Bohn, Athanasios Orphanides and Alfons Weichenrieder.