

## Call for Proposals

### Priority Programme 1578 „Financial Market Imperfections and Macroeconomic Performance“

The recent financial crisis and its subsequent economic repercussions have underscored the close link between financial market performance and macroeconomic outcome. In 2011 the DFG established the priority programme 1578 “Financial Market Imperfections and Macroeconomic Performance”. The central purpose of this programme is to advance research in Germany at the intersection of macroeconomics and financial economics. In particular, the programme aims at contributing to a better understanding of the way various financial market imperfections affect financial market stability, macroeconomic volatility, and long-run economic growth. We expect individual research projects to contribute to at least one of the following five research themes:

- **Incomplete Markets:** the macroeconomic consequences of imperfections in credit and insurance markets
- **Imperfect Enforcement and Default Risk:** limits on the enforceability of contracts and default risk as sources of macroeconomic volatility and as impediments to long-run growth
- **Asset Prices and Expectations:** financial market imperfections as the source of expectation-driven asset price movements and their effect on macroeconomic performance
- **Financial Intermediation:** regulation of financial intermediaries (banks, insurance companies) and the implications for financial and macroeconomic stability
- **Monetary Policy:** the interaction between monetary-fiscal policies and financial markets

Research proposals will also be evaluated based on their contribution to the programme’s aim of integrating macroeconomics and financial economics, which can be achieved in various ways. For example, research on more macro-based projects should address the financial market implications. Correspondingly, research on more finance-based projects should deal with the macroeconomic implications. Though not a requirement, we encourage the application of joint proposals that combine the expertise of individual researchers with different backgrounds (i.e. macroeconomics and financial economics).

Proposals for the second three-year funding period should be submitted not later than **15 June 2014**. All proposals must be written in English and submitted via the DFG electronic portal (elan). This electronic portal ‘elan’ can be found at: <https://elan.dfg.de>

Proposals must be prepared according to the guidelines for individual research grants. Proposal guidelines and preparation instructions are outlined in DFG forms 54.01en and 50.05en, part B, which can be found on the DFG’s website at:

[www.dfg.de/foerderung/formulare\\_merkblaetter](http://www.dfg.de/foerderung/formulare_merkblaetter)

An electronic copy of the proposal should be sent to the priority programme's coordinator.

The review is planned to be held in September 2014.

For further scientific information, please contact the priority programme's coordinator:

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