Reading Between the Lines: Quantitative Text Analysis of Banking Crises

INDEX 1: WORDSCORES
- A point policy positions
- Compare origin to words to reference texts
- Positions and unique words
1. \( w_{ij} \) = reference text's word
2. \( s_{ij} \) = sample reference text's word
3. \( r_{ij} \) = word's relative frequency of word
4. \( \log \) = the logarithm of each word

INDEX 2: WORDFISH
- The model is a mixture of a Poisson distribution, and formally stated as:

\[
W \sim \text{Poisson}(\lambda)
\]

\[
\lambda = \exp\left(\beta_0 + \beta_1 p \right)
\]

\[
W = \sum (w_{ij} - \lambda_{ij})^2 / \lambda_{ij}
\]

INDEX 3: BANKING CRISIS LEXICON INDEX
- The model is a mixture of a Poisson distribution, and formally stated as:

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W = \sum (w_{ij} - \lambda_{ij})^2 / \lambda_{ij}
\]

INDEX 4: SENTIMENT INDEX
- Positive Sentiment
  - certain, expect, clarity, encourage, exact, invariable, plan, trust, crucial, impact, good
- Negative Sentiment
  - unceration, surprise, concern, discourage, fail, poor, put, worry, fall, crisis, dismiss, jeopardize, terrible, worst, end, decline, sound, complacent, fear, woes, sharp, well

Emile du Plessis, Hamburg University

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