COURSE OUTLINE WINTER SEMESTER 2021/22
Advanced Seminar in Macroeconomic Research II (075 239)

NARRATIVES IN ECONOMICS
Prof. Dr. Michael Roos / Matthias Reccius / Tobias Schmidt

CONTENT

This module offers an opportunity for students to actively dive into the study of economic narratives. This emerging sub-field emphasizes the economic importance of narratives that emerge and disseminate in social groups and influence the decision making of consumers, firms and political actors. The module features an introductory lecture about the motivations underlying the study of economic narratives and some basic theoretical underpinnings. In the second and third lecture, quantitative and qualitative empirical strategies for the identification of narratives will be discussed. Students will then choose a project to work on that either features studying the dynamics of economic narratives in an agent-based computer model or the identification of economic narratives in textual data sets. The main part of the module is the self-directed work on a small research project guided by the module supervisors. After choosing projects, we will provide a session featuring hands-on tutorials for the two empirical tracks (track 1 and 2).

MODULE OBJECTIVES

- You will learn why narratives are considered important in economics and how economic narratives can be defined.

- You will learn about the possibilities that text mining methods offer in extracting useful information from large quantities of texts concerning the economy.

- You will also reflect on the limitations those methods have when trying to identify economics narratives.

- You will learn how the emergence and spread of narratives in the economy can be modelled formally.

- You will study economic narratives hands-on in a systematic and structured way…

    1. …using the quantitative topic modelling technique *LDA* or
    2. …using *qualitative content analysis* or
    3. …using *agent-based modeling*.

PREREQUISITES

- First and foremost, students need to be willing to participate in a (group) project that deals with economic narratives.

- For students interested in using topic modeling techniques (LDA), familiarity with the statistical programming language `R` is highly recommended. Specialized `R`-skills concerning the analysis of text data are not needed a priori as relevant packages will be introduced at the beginning of the course.
- Students interested an agent-based modeling project need basic skills in ABM, e.g. acquired in the module "Complexity economics and agent-based modeling".
- Students will need good English skills.

ORGANIZATION

This module consists of 3 introductory lectures followed by an empirical tutorial-session and subsequent project work. For the latter, there are three "tracks" to choose from that are detailed above (see *Module Objectives*, last bullet-point)

Participants: 15

Assessment: A term paper of 20 pages.

Time and place: 3 introductory lectures and a tutorial in room **GD 02/156**:

- Tuesday, October 12: 14:00 – 15:45 h (Narrative Economics – A primer)
- Tuesday, October 19: 14:00 – 16:00 h (Natural Language Processing and qualitative content analysis)
- Tuesday, October 26, 14:00 – 16:00 h (Quantitative text analysis with LDA)
- Tuesday, November 2, 14:00 – 16:00 h (Tutorials for the qualitative and quantitative tracks)

Please note that you can only attend the lectures if you fulfil the COVID-19 safety regulations (one of the "3Gs": vaccinated, recovered from COVID-19 or negatively tested).
You have to prove your status to the lecturers before you can enter the lecture room!

Registration: via **FlexNow, 13 December 2021 – 7 January 2022.**

SELF-STUDY

This module contains 120 hours of self-study.

MOODLE COURSE

Please register in the Moodle course "Advanced Seminar in Macroeconomic Research" **by 11 October 2021.**

RECOMMENDED READING

You might want to get a first glimpse about what *Narrative Economics* encompasses by reading the following papers:

Roos, M., Reccius, M. (2021). Narratives in Economics. Ruhr Economic Paper #922. https://www.rwi-essen.de/media/content/pages/publikationen/ruhr-economic-papers/rep_21_922.pdf

Shiller, R. J. (2017). Narrative Economics. American Economic Review 107(4), 967–1004. https://doi.org/10.1257/aer.107.4.967

Tetlock, P. C. (2007). Giving Content to Investor Sentiment: The Role of Media in the Stock Market. https://doi.org/10.1111/j.1540-6261.2007.01232.x