

## **Towards a Narrative Theory of Political Agency**

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### **Abstract**

This paper begins to develop a narrative theory of political agency. The financial crisis of 2008 has stirred new interest in the way that narratives define, channel and motivate human action. Stories about property windfalls raised the expectations of investors and seemed to confirm the conventional wisdom that real estate always outperforms the stock market. Akerlof and Shiller have recently argued that *homo economicus* is driven not by reason, but by his ‘animal spirits’ that defy rationality but nevertheless give form and shape to economic interaction. In place of a knowledge of the future, actors substitute narrative in the form of anecdotes, histories and counterfactuals. I will show how the literary criticism of Northrop Frye ought to be of interest to economists and political scientists alike because he argues that deeply rooted frames of reference influence the expectations and goals of both individuals and social groups. This idea might allow interest in narrative to cross the ontological and epistemological divides between behavioural economics and international political economy because it offers an approach to understanding narrative that benefits the study of groups as well as individuals.

“We construct a narrative for ourselves, and that’s the thread we follow from one day to the next.”

Paul Auster  
*Sunday Times*, London 1989

“This huge subject, narrative, never ceases to raise troubling questions, and the questions are likely to grow even more troubling as storytelling becomes an ever more pervasive aspect of life.”

Robert Fulford  
*The Triumph of Narrative*

## Introduction

It has become commonplace to note that ideas matter in the analysis of the global political economy. Although the formal study of ideas, as a counterpoint to interests and institutions, has been slow to catch on (Dickins, 2006), a number of approaches attempt to come to terms with emerging issues. Perhaps because of roots in sociology, institutionalism and constructivism in particular, have been most successful in exploring the way that intersubjective meaning influences actor behaviour (Berry, 2008; Hay, 2006). Yet both of these approaches treat ideas as if they are not embedded in psychologically and socially constructed narratives that give form and meaning to agency. In the interest of understanding ideas, and their impact upon agency, it may be better to leave aside the conventional understanding of ideas as discrete causal entities and focus instead on the way that ideas work together with historical facts and counterfactual possibilities to create narratives. In the simplest sense, narratives are stories that play a significant role in the creation of meaning within the human mind. Psychologists are beginning to understand how stories form the basis of human relationships and the rationale for human motivation. Likewise, behavioural economists have begun to examine the way that narratives give meaning to market activity and provide motivation for market actors.<sup>1</sup>

Akerlof and Shiller (2009) have recently argued that *homo economicus* is motivated not by rational expectation of gain, but by his ‘animal spirits’ that defy rationality but nevertheless give form and shape to economic interaction. One of these spirits they identify as the human ability to form intuitive beliefs based upon stories. The financial crisis of 2008 prompted new interest in the way that narratives define and channel human agency. Irrational exuberance is driven by the expectations of investors and these expectations were primed by stories about real estate windfalls enjoyed by investors who thought they knew the essential truth behind the

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<sup>1</sup> In the world of finance there is also interest in the way that seemingly random events are given meaning through narrative. Nassim Nicholas Taleb argues that much of the random distribution of market gains is ascribed meaning through narratives that privilege financial expertise. See Taleb, 2001.

economy's perpetual motion machine – real estate always outperforms the stock market. Go ahead, flip that house!<sup>2</sup> Akerlof and Shiller follow Keynes, who argued that investment decisions are infrequently based upon empirical information. “Our basis of knowledge for estimating the yield ten years hence of a railway, a copper mine, a textile factory, the goodwill of a patent medicine, an Atlantic liner, a building in the City of London amounts to little and sometimes to nothing” (Keynes, 2007, p. 134) In place of a knowledge of the future, economic actors substitute narrative in the form of anecdotes, histories and counterfactuals. In short, Keynes believed that we tame the fear of uncertainty and reduce the psychological burden of risk with stories.

This paper will analyze the role of narrative in explaining both individual and group behaviour. The literary criticism of Northrop Frye ought to be of interest to behavioural economists and political scientists alike because he shows that the stories we tell are the “central link of communication between society and its vision of its primary concerns.”<sup>3</sup> Frye's understanding of the centrality of narrative may be a bridge between the ontologically and epistemologically divergent fields of behavioural economics and international political economy. Stories not only motivate individuals, but they provide a frame for understanding shared norms and provide an approach to understanding organizational change.

First, I examine the emerging interest in narrative in behavioural economics through the work of Akerlof and Shiller. Their research may have application for a number of research questions in political economy, but basic differences in focus and approach limit the applicability of behavioural economic research in the field of IPE. Second, I consider Northrop Frye's contribution to the study of narrative and examine the possibility that his analysis of biblical and classical mythology may be used to extend the behavioural economic focus on narratives into the study of international political economy. The idea that an explicable set of narratives (sometimes called a mythology) structures social concerns, economic expectations and even political ideologies bridges the gap between the disciplinary concerns of behavioural economics and the multidisciplinary interests of international political economy. In this regard, the choice of Frye may seem somewhat arbitrary, given the large number of scholars interested in the narrative frame of the West. Yet Frye's analysis stands out because he roots myth in the human capacity for explanation and imagination, rather than a civilizational master narrative (Fulford, 1999).

Finally, I attempt to locate what I term narrative theory within two methodological approaches to international political economy.<sup>4</sup> I will discuss how narrative theory fits within

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<sup>2</sup> The sheer number of television programs about house flipping is surprising. The Arts and Entertainment Network produces ‘Flip This House,’ The Learning Channel produces ‘Flip That House,’ and Home and Garden Television Canada produces ‘Home to Flip.’

<sup>3</sup> Cayley quoted in Hart 1995

<sup>4</sup> I use the term theory in the sense it was used by Susan Strange. She argues in *States and Markets* (1988) that theory in the social sciences ought to do three things. First, it “must seek to explain some aspect of the international system that is not easily explained by common sense.” Second, “theory need not necessarily aspire to predict or to prescribe. This is where social science differs from natural science.” Finally, “theory should be scientific only in the sense that the theorist respects the scientific virtues of rationality and impartiality and aspires to the systematic formulation of explanatory propositions” (pp. 11-12). This definition of theory privileges explanation and elucidates, I think, the proper role of theory in the social science. Of course, it also flies in the face of theory as it is practiced in neoclassical economics and concomitantly American IPE, where prediction and parsimony are highly prized. I tend to agree with Galbraith that such theory trends toward ‘imitative scientism,’ although I remain convinced that it does

historical institutionalism and constructivism and will propose a number of research concerns to which narrative theory may be applied. The conclusion raises a number of theoretical and methodological concerns about the application of a theory based upon Frye's understanding of narrative.

## **The Problematic: Narrative in Behavioural Economics and Beyond**

Neoclassical economics assumes that economic decisions are made according to rational calculations. Behavioural economics focuses on the process of decision making, stripping away the rationality assumption and looking for other ways to generalize about the choices made by economic actors (Elms, 2008 p. 239). The subfield traces its origins to Richard Thaler's 1980 article in the *Journal of Economic Behaviour and Organization* titled "Toward a Positive Theory of Consumer Choice ." Thaler argued that the economic theory of the consumer is based upon a model of how consumers *should* choose, but does not always explain how they *do* choose. Kahneman's and Tversky's Prospect Theory was suggested as a possible alternative explanatory theory.

Kahneman won a Nobel Prize in 2002 for his work in Prospect Theory. Prospect Theory improves upon expected utility theory. Expected utility theory attempts to predict how people will bet in a game of chance by taking into account a number of variables such as size of the payout, risk aversion, expected utility of the payout to people with different assets, and so forth.<sup>5</sup> This is a clear improvement upon models of prediction that rely only on the size and frequency of the payout, but it still lacks precision. In particular, expected utility theory is unable to model how gamblers evaluate potential losses and gains in their decision about how much to bet. Kahneman and Tversky (1979) proposed that people compute possible outcomes by deciding which outcomes they see as basically identical (neither a loss, nor a gain), and with this they set a reference point. Anything below is a loss, and anything above is a gain. This theory can explain why people will buy both insurance and lottery tickets. Purchasing a lottery ticket involves virtually no loss for a potentially large payout, while purchasing insurance again involves the framing of a small loss against larger potential losses. The most important aspect of this research is the process of framing the prospective outcome of the bet. Different people will frame their prospects differently.

Over the past two decades, the subfield of behavioural economics grew. It has become a rubric under which the intangibles of economics are explored. Behavioural economists have begun to realize that people organize their worldviews and frame their actions according to a number of concepts that they use to explain the world around them. In 2009, Akerlof and Shiller released a significant volume that attempts to draw all the threads of behavioural economics together under the rubric of 'animal spirits,' a term first used by John Maynard Keynes to describe the non-economic motives of market actors.

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have its uses. For a full discussion of the epistemological differences between British and American school IPE, see Cohen 2008, chapters one and two.

<sup>5</sup> For a full description of expected utility theory see

<http://homepage.newschool.edu/het/essays/uncert/vnmaxioms.htm>

Akerlof and Shiller argue that the American economics profession has lost its way since the Great Depression and it no longer understands the proper role of government in robust capitalist economies.

To understand the economy then is to comprehend how it is driven by the animal spirits. . . Capitalist societies as correctly seen by the old economics, can be tremendously creative. Government should interfere as little as possible with that creativity. On the other hand, left to their own devices, capitalist economies will pursue excess, as current times bear witness.”

Government’s role is to strike a balance between regulating the animal spirits and placing limits upon what is permitted, while simultaneously respecting their role as engine of the economy. To understand that the proper engine of the economy is irrational, exuberant, and all too human, is to understand how ignorance of this fact could lead to the current state of the world economy.

The animal spirits they identify are confidence, fairness, corruption/antisocial behaviour, the money illusion and stories. Much research has been done on investor confidence, and how extreme confidence leads to manias, panics, and crashes to use Kindleberger’s (2005) evocative phrase. Similarly, fairness plays a large role in setting wages and prices. There is always a temptation towards antisocial behaviour and corruption, as the Bernard Madoff scandal so aptly illustrates. As for money, Akerlof and Shiller argue that “the public is confused by inflation or deflation and does not reason through its effects” (p. 6). Money illusion occurs when money is valued by its numerical/face value (its nominal value) rather than by its purchasing power – a point raised by Keynes that was of interest as far back as the 1920s (Fisher, 2006). Monetary economics disputes the money illusion and argues that people are rational about the purchasing power of their wealth. Recently, the money illusion has been shown to be real, and may be the cause, for example, of price stickiness, where nominal prices are slow to change when real costs rise (Shafir et al, 1997).

Stories are perhaps the newest, and most potentially significant of the animal spirits for political economy. “Our sense of reality, of who we are and what we are doing, is intertwined with the story of our lives and the lives of others. The aggregate of such stories is a national or international story, which itself plays an important role in the economy” (Akerlof and Shiller, 2009 p. 6). There are two points of interest here. The first is the idea that how we make sense of the world is an important variable in the organization of national and international systems. The second is that the aggregate of individual stories is a national or international story. I will deal with the first point, and then discuss the trouble with the assumption at the heart of the second point.

Akerlof and Shiller describe two ways that stories motivate economic actors. The first is through intuitive beliefs. Intuitive beliefs, or hunches, gut feelings, are rooted in an emotional, rather than rational reaction to the market. When many people share the same intuitive belief, it is usually a form of exuberant confidence based upon faulty popular assumptions. In real estate markets over the past decade, the intuitive belief that “home prices everywhere can only go up” (p. 150) was rooted in the faulty assumption that land scarcity, population growth and economic growth govern the rise in real estate prices. This is not the case, but stories in the press and booming real estate prices coupled with this faulty assumption helped to create a narrative in which it was not only rational, but also made good financial sense for middle class consumers to

buy a second home or purchase a piece of property far beyond what they could afford using one of a number of new home financing products. “The contagion of the argument for ever-increasing home prices during a boom is enhanced by the intuition behind it” (p. 151). Stories about real-estate windfalls fuelled investor confidence and drove up the price of property to levels that far outstripped their actual value. Narratives are the basis for intuitive beliefs. They give credibility to assumptions that may ultimately be proven to be fundamentally irrational.

Second, narratives are an important part of the process by which group divisions are created and they also frame the way that different groups view economic opportunity. Caucasian and African American communities have developed we/they orientations in which stories play a key role in organizing perception and creating motivation. Akerlof and Shiller describe the research of Michele Lamont, who investigated the way that working-class men viewed themselves and each other. She found that on average, white workers told a story in which their economic position was the result of the competitive pressures of capitalism on the one hand and an individualistic sense of self-reliance on the other. Capitalist competition creates winners and losers, but they nevertheless prided themselves on their ability to provide for their families though good times and bad. Black workers told a similar story, but traced their self-reliance to necessity born out of racism. They viewed their underdog status as not just the result of competition, but also systematic white prejudice.

Interestingly, the groups also defined themselves against each other, whites priding themselves on doing better than poor blacks thanks to a solid work ethic; blacks priding themselves on maintaining their economic position despite the structural impediments put in their path by white America (pp. 158-163). The role of narrative in shaping attitudes towards the market has been a significant part of sociological class analyses, but has played little role in the way economists understand poverty. There are many other ways that ideas interact with interests in the creation and maintenance of national and international poverty, but an analysis of the way that narratives of race and privilege frame the way that individuals perceive both market opportunities and their own structural position in the economy, is a useful place for behavioural economists to begin untying the knot of multigenerational poverty in the United States.

At first glance, it would appear that because behavioural economics draws much of its inspiration from research in psychology and sociology, its insights can travel easily across the membrane that divides economics and international political economy. But this is not the case because of the very different ontological and epistemological concerns that separate the two fields (Cohen, 2008). The ontological focus of economics is allocative efficiency – how markets distribute scarce resources. Its primary epistemological concern, or most basic unit of analysis, is the individual. In contrast, political economy’s ontology privileges organizational effectiveness – and emphasizes the purposefulness of groups, which are its primary epistemological concern. IPE differentiates itself from economics by taking political questions seriously – questions about how group decisions, rather than individual rationality influence the accumulation of wealth and power. IPE tackles questions that are best served by a broader methodological approach than that favored by economists. This holds true for both sides of the British/American divide in the field,

although there continues to be a great deal of confusion about what IPE is, and what research ought to look like.<sup>6</sup>

Neoclassical economics imagines markets to be the sum of many individual interests, and behavioural economics does not challenge this radically decentralized approach to understanding group organization. Where it is interested in the non-rational behaviour of groups, these are treated as an aggregation of individuals. The behavioural turn diverges from neoclassical theory in that its epistemology does not posit a *rational* actor. Rather, behavioural economics stresses the fact that every individual enters the market with a unique set of interests, perception, values and goals, and therefore market outcomes can hardly be considered rational in the conventional sense of the term.

International political economy may emphasize the rationality of actors when it turns to the role of interests in determining motivation. But much research also stresses the way that groups themselves have a way of creating rationalities that are internally defined (Steinmo, Thelen and Longstreth, 1992). At the most basic level, political economy takes as its starting point the collective – often the state, but also multinational corporations, civil society, transnational networks, global publics and other forms of social formation within and beyond states (Drache with Froese, 2008; Finnemore, 1996). IPE attempts to explain the way that groups of people operate under shared assumptions, and the way that group dynamics – politics if you will – influences the organization of markets, the relations between states and the competition between firms. Organizational effectiveness, whether it is measured as policy success, governance effectiveness or the success of a revolutionary movement attempting to subvert the global economic system, assumes the existence of intersubjective meaning, and coordinated rather than individual action.

There is a basic problem then with directly translating behavioural economic research into the field of IPE. The problem is not the concept of individuals working in groups. The problem is the concept of the group as an aggregation of individuals. The greatest theoretical insight of political science has been that groups (be they networks, governments or multilateral institutions) cannot be analyzed as the sum of their constituent parts. Recent research from neo-institutional political economy highlights this basic insight.

Zysman (1994) has shown that the developmental trajectory of institutions is significantly influenced by historical variables, such as the events that shaped its creation. An institution such as the WTO is not just the sum total of the Director General, his bureaucracy and the ambassadorial staffs of members. In political terms, the WTO itself must be considered as an institutional actor that can be analyzed for the sake of convenience as a single unit. But the institution-as-single-unit-of-analysis issue goes beyond the quest for parsimony. International

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<sup>6</sup> In a recent issue of *International Studies Review*, an article about the application of behavioural economic research to IPE confidently proclaimed that “most IPE analysis seeks explanations for decisions made by individuals over economic issues” (Elms, 2006 p. 239). Such a definition begs the question – how then is IPE methodologically separate from economics? IPE is not simply an application of economic methods to political problems, or vice versa. Even those who favour an economic approach agree that IPE’s traditional strength has been a pluralistic approach to the study of wealth and power – one that admits (however tacitly) that the current emperor, *homo economicus*, sometimes lacks for attire.

law recognizes states, and to a lesser extent intergovernmental organizations as its subjects. Individuals are not subjects of international law in the conventional sense. They remain objects of the law, acted upon, but not legal actors themselves (Cutler, 2001). The entire structure of the postwar international system is predicated upon the state/institution as a unitary actor and primary unit of analysis. There are weaknesses to this assumption, but there are also insights to be gained by assuming that organized groups of people acting in a purposeful manner, cannot be considered to be an aggregation of individuals for the purposes of explaining agency.

For example, individual actors may influence an institution's direction, but actors are also likely to be shaped the institution as well. Institutional research has shown that individuals tend to pursue goals according to the patterns of rationality that exist within their institution. This is not to deny their animal spirits, but rather to suggest that preferable goals and admirable values are defined differently in different institutional contexts, and these play a significant role in shaping the preferences of individual actors. Hall and Soskice (2001) define institutionalism as "a set of rules, formal or informal, that actors generally follow, whether for normative, cognitive or material reasons. . ." p. 9). Goals that are rational to pursue in one institutional context, are irrational in another context. This idea that the internal dynamics of institutions accounts for their speed and trajectory in the global political economy is the main theoretical novelty of institutionalism. Large institutions (such as a national banking system or an international trading system) are too big, too complex, and their internal logic too strong for even important actors to significantly alter their trajectory alone. In short, institutions are also actors. The individual is not the only, nor necessarily the primary unit of analysis in political economy.

Is it possible to bridge the divide between the frequently mercurial and irrational individual of behavioural economics and the purposeful (not necessarily rational) groups studied by political economy? How can behavioural economics' understanding of the narrative foundations of human motivation translate across this ontological divide? I argue that political scientists should turn to the work of Northrop Frye. Frye argued that all of Western society has been shaped by the twin forces of biblical and classical mythology. He suggests that "stories are in the air we breathe" (Frye, 2004) Frye offers an understanding of narrative as not only fundamental to the course of individual actions, but also the values, norms and perceptions of whole societies. Narrative must be considered as variables in the formation and evolution of states, institutions, networks and societies that are created and sustained by many individuals, but have an organizational history and future trajectory that must be considered separately.

In comparative politics and the study of political culture, these ideas are fairly basic. Concepts such as national mythology are familiar terrain. Likewise, the study of ideology as a significant variable in global politics has become more prominent (Bobbio, 1996; Saul, 2005; Noel and Therien, 2008) But in IPE there has been no sustained attempt to systematically study the role that narrative plays in shaping the perceptions and motivations of groups. Clearly the stories that groups use to maintain their purposefulness and cohesiveness ought to be part of the research terrain of political economy – and certainly ideology is part of the fabric of narrative. In fact, I would go so far as to argue that narrative cannot be considered to be structurally separate from the interests and institutions that form the global political economy. From the narrative of the Washington Consensus to the list of grievances nursed by Al Qaeda, groups use stories in many ways.

Yet stories remain for us on the level of metaphor and counterfactual. One reason for this is that literary studies are considered to be soft and unscientific, even though Frye considered himself to be making criticism more scientific and objective. Another reason is that the pull of economics is strong enough to inhibit research that rubs strongly against the grain of an economic perspective. Finally, there is the continuing belief that what motivates individuals is different from what motivates groups. This is true, but it assumes that stories belong securely in the individual motivation camp. Nevertheless, Frye shows that a narrative theory of agency could account for some of the patterns we see in the ways that institutions change and evolve, and it could account to a great extent for the way that interests are organized and articulated in a number of contexts.

### **Northrop Frye's Approach to Understanding Myth**

The University of Toronto in the mid twentieth century fostered many of the great Canadian theorists in the social sciences in humanities. Marshall McLuhan and Harold Innis have found their way into the canon of Canadian political science, but Northrop Frye remains beyond the limits of social scientific theory. As one of the greatest literary critics of the twentieth century, he already has an intellectual home in literary studies, although that did not stop political scientists from adopting McLuhan. Nevertheless, his work sits uneasily in literary studies.

Frye argued that all literature must be understood within the mythological (narrative) framework that underpins both literature and society. He shows that in the Western context, the form and meaning of our narratives comes from a common pool of literary characters, symbols, archetypes, and allusions that in a set of biblical and classical myths. The result is a literary canon that constantly reworks a limited number of plots and characters and the result has been societies in which certain stories have a special resonance. Frye is not alone in this interest in the common stock of Western myth. As far back as 1924, Georges Polti catalogued just thirty six basic dramatic situations.<sup>7</sup> Tobias (2003) has argued that there are just twenty fundamental plots in English literature. Frye does not concern himself with counting story forms and demarcating the limits of the Western tradition. Rather, his main interests lie in the application of literary theory to biblical mythology. In this process he draws together an analysis of English literature with an understanding of the theological, religious and social foundations that produced that literature. But he goes to great pains to make it clear that the roots of Western mythology are to be found in the human capacity for creative thought rather than a particular belief system. This is why narratives may travel across time (history) and space (cultures). They resonate on a fundamental psychological level.

Much of Frye's work examines the "narrative unity of the bible," which he argues is distinctive in that the bible is unified through chronology, symbols and recurring imagery (Frye and Macpherson, 2004, p. 8).<sup>8</sup> The King James Version of the bible, which is the most widely

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<sup>7</sup> Full text of *The Thirty-Six Dramatic Situations* (1924) has been published online at <http://www.archive.org/details/thirtysixdramati00polti>.

<sup>8</sup> This discussion of Northrop Frye is taken from *Biblical and Classical Myth* a collection of his and Macpherson's lectures on biblical and classical imagery taken from the University of Toronto undergraduate humanities course of the same name. Frye did not publish this work; it is a result of the transcription of his lectures that were archived

available and used, was originally translated from Hebrew, Greek and Latin sources with an ear to the oral tradition of reading the bible aloud in churches. This only serves to enhance its narrative appeal (p. 14). Several other aspects of biblical literature highlight its status as a foundational text of the Western tradition. First, the narrative structure of the bible is one in which something is lost and ultimately regained. This narrative structure most resembles the *commedia*, or Greek comedy, and that is why Dante called his vision of heaven, hell and purgatory ‘The Divine Comedy.’” (p. 22). Second, within this comedic frame biblical literature continuously returns to a pattern of what Frye describes as types and antitypes. The old testament is a prophesy of the events that come to pass in the new testament. “What happens in the Old Testament is a type of what happens in the New Testament. What happens in the New Testament explains the Old Testament happening. . .” (p. 36) Type and anti-type provide narrative symmetry in which past explains present and vice-versa.

Let me be clear. This is not a discussion of the hermeneutics of Christian belief. When Frye talks about the narrative unity of the bible, he means a wholeness only found in literature. What the bible offers for Frye is not necessarily a philosophy to live by, but rather a narrative completeness that gives form and meaning to the human experience. This occurs not through a metaphysical transformation or conversion, but through a worldview rooted in a narrative structure of type and anti-type. Social scientists do not have to look far to see this pattern in the history of ideas, in academic scholarship, popular philosophy and even public policy. This narrative pattern informs both Marx’s critique of political economy and George W. Bush’s understanding of Middle Eastern politics. The type/antitype pattern is not necessarily a dialectic pattern, but Hegel’s, and later Marx’s, dialectical approach can certainly be read in the narrative pattern of type and antitype.

Classical myth likewise exhibits a narrative pattern that privileges metaphorical and symbolic oppositions. In short, the mythological structure of the bible in which narrative constantly returns to metaphors and symbols of type and antitype has deeply informed the cultures grouped under that big tent of the Western Tradition, and subsequently much of the rest of the world as well. It is important to remember that both biblical and classical myths serve the same purpose – to give meaning to social relations (Frye, 1982, p. 32). In that sense, myths are shared stories that help groups of people understand or give meaning to their collectives, be they societies, associations, networks or institutions. It is always difficult to separate myth from history because there is a great deal of overlap. Myths are the narrative frame of history, and history has a way of becoming mythological. Frye maintains that the most basic myths are rooted in a human capacity for imagination, rather than any real historical event. Myths reside in the psychology of the individual as much as the collective consciousness of societies (Frye, 1982, p. 38).

Because myths have origins, they raise the question of portability. Can narratives move across culture and geography? Frye uses the biblical flood myth as an example of the way that narratives move in time and space. A number of myths about floods originated in Mesopotamia’s fertile crescent. For example, the Sumerians had a flood myth in which the gods, angered by humanity’s ceaseless noise, decide to drown the world with a flood. Enki, god of the waters of the deep, owes Utnapishtim a favour, and warns him of the coming catastrophe. Utnapishtim

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along with his notebooks. The second half of the course concerned classical mythology and was taught by Jay MacPherson.

builds a boat, fills it with two of every kind of animal, rides out the deluge, and lands on a mountain after having sent out birds to test whether any dry land exists. This story precedes the biblical flood myth by more than a millennium and suggests several hypothetical conclusions about flood narratives. First, a global flood occurred, the details are remembered and passed on, and the Sumerians and Jews both tried to describe it. Second, localized flooding was part of life in the fertile crescent and therefore flood myths were part of the cosmology of a number of ancient societies. Details migrated through time and space but catastrophic flooding is an independent variable. Third, flood stories are rooted in human psychology. Particular details, while interesting in a coincidental way, are unimportant. For example, Freud thought that dreaming of water had to do with the urge to urinate. Perhaps the Sumerian flood, Noah's ark and Plato's Atlantis are all the result of drinking too much water before bed.

Stories that resonate can fit into widely divergent mythological frames, as the above case illustrates. The flood example suggests that one, narratives are fluid and portable, two, stories and myths can be meaningful in a variety of cultural contexts, and three narratives potentially have a psychological basis that allows them to resonate on a basic level. This need not be an emotional resonance; in fact I suspect that it is often a resonance in perspective and perception that is related to Maslow's hierarchy of needs. Narratives that are influential speak to needs and desires. In this way, narratives underlie, frame, and define rationality.

Frye's understanding of the narratives that reside deeply within human psychology widens our understanding of the possible impact of stories on states and markets. He shows how this aspect of humanity plays itself out in the development of social structure, culture, and ideology. Because of space constraints I will not discuss Frye's understanding of ideology, nor its relation to culture and the wider world of intellectual discourse. This has been a very cursory reading of Frye, but I hope it gives some indication of the promise of Frye's New Criticism for international political economy.

## **Narratives in International Political Economy**

Political economy has grown up (Dickins, 2006). It has moved beyond basic debates about the regulatory role of states and has become a larger, and in some ways more inclusive, set of approaches for explaining the way that purposeful groups organize to influence the world around them. Most research is still focused on the state as the most obvious significant organizing frame, but increasingly scholars have begun to consider other forms of social organization – from Keck and Sikkink's transnational advocacy networks to Robert Cox's critical theory of world hegemony. Cohen has shown that IPE in the US and Europe has taken up very different research agendas, and in fact may have diverged to the point where they may be epistemologically differentiated. Nevertheless, I argue that they share an ontological concern with the organizational effectiveness of groups of people and an epistemological interest in the purpose and agency of groups over individuals. Within this broad context, narrative theory goes beyond the questions of 'what role for ideas in political economy?' or 'why ideas over interests?' and instead asks, how do narratives interact with the structure of the global political economy?

How can we define narrative in the social scientific context? Frye says that all stories have their roots in myths. Myths are stories that cannot be proven or disproven. They are

frequently the earliest stories devised by humans to explain why things were the way they were. Myths can be differentiated from folk tales, which also explain why things are the way they are but tend to deal with human emotions and relationships, whereas myths tend to deal with the fabric of human existence. Why does the sun rise and set? What is the shape of the universe? Why are people mortal? How do gods relate to people? Myths, because of their subject matter, take on a religious cast, they become sacred, and even the order of their words is significant (Frye, 1982). Myths form a basis for how we see the world. They speak to timeless existential questions and this accounts for their central place in the organization of both individual psychology and entire societies. So much for literary myths. Where do we find myths in the social sciences?

Myth in IPE takes the form of statements that cannot be proven, but nevertheless organize significant economic activity and are rooted in a pattern of historical and theoretical insight. For example, the statement ‘trade is good for the poor’ is a myth. On the face of it, the assertion appears to be unproblematic. Countries that trade seem to grow in wealth, and the rising tide of national wealth raises all boats. Of course, many sceptical researchers have sought to disprove this idea, with some success (Rodrik, 2000; Nye et al, 2002). Not all countries that open their markets to trade experience durable and lasting economic development. Similarly, those that do increase in national wealth, may exhibit a wealth concentration that excludes the poor from the benefits of trade. Economists such as Dollar and Kraay (2000a and 2000b) have reformulated the myth by arguing that *growth* is good for the poor. This is also has a ring of accuracy, but the trade=growth hypothesis has not been proven. In the final balance the veracity of the myth, and its applicability to policy issues in the global political economy depends upon where you stand theoretically.

A related myth is ‘the free market is the most effective way to organize an economy.’ Again, this may or may not be true depending upon a number of variables, and although this narrative has been catalyst for a fantastic amount of research and a huge amount of public policy. The closest that political economists can come to a definitive answer to the capitalism conundrum is to say that the free market seems to be the most effective route to wealth accumulation in the medium term, but nevertheless, capitalism comes in a wide number of varieties, all of which give different weights to the free market, and all of which may be effective in different ways and in different places and times. It is clear from these examples that myths/narratives in the social sciences are portable – they move in space and time. They may be rooted in the philosophical questions posed by particular cultures, but they speak to larger questions of need and desire that cut across cultures.<sup>9</sup>

Narratives may or may not be boiled down to simple statements as I have formulated above, but they always have a large number of ideas, historical facts, and counterfactual evidence embodied within them. They give shape and meaning to current debates and they frame the big questions of the ‘moral sciences’ that have been explored by philosophers, historians, economists and political scientists. It may be appropriate to suggest that many are closely related

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<sup>9</sup> How about this one? ‘God has granted the United States a special place in world affairs.’ It cannot be proven, and it cannot be disproven. It hearkens back directly to ancient myths having to do with chosen peoples and heroes selected for special purposes. This myth played a special role in American foreign policy in recent years. See the fascinating account of how Donald Rumsfeld’s top-secret security briefings for George W. Bush blended biblical texts with updates on the invasion of Iraq at <http://men.style.com/gq/features/topsecret>.

to ideology. Frye argues that there is a close relationship between myths of simple societies and the ideologies of modern societies. This paper has not probed that connection, but clearly it bears more study.

### *Operationalizing a narrative theory of political agency*

What would a research agenda in narrative theory look like? I will examine how narrative theory lines up with two existing approaches and suggest a number of ideas about what it offers to different levels of analysis – that of the network, the state, and the system. In terms of approaches, narrative theory may be of use to historical institutionalism and constructivism broadly defined, but in an ironic twist, it rubs against the grain of the newest ‘institutionalism,’ discursive institutionalism. In historical institutionalist research, narratives may help to flesh out, or provide a frame for process tracing. They are also extremely useful in answering thorny questions about how certain forms of institutional change are possible within a path dependent context. The way that the ideational environment acts with and against path dependence is related to the narratives and myths that were present at the founding of an institution. Similarly the demise of institutions is often the result of new narratives superseding the narratives that spoke to the usefulness of the original institution. Finally, narratives are useful in the development of case studies. The most important question asked by institutionalist research is, *cui bono?* For whose benefit? Understanding the way narratives work in an institution helps to ground an analysis of the interplay between ideas and interests.

Narrative theory also seems to be at home in a broadly constructivist approach to IPE because it underscores the discursive construction of social reality. The key difference in the concerns of narrative theory and the concerns of social constructivism is that narrative theory is more concerned with firstly, the histories and intellectual genealogies that underlie ideas and secondly, the effect of narrative on the evolution of ideas. Lupovici (2009) has argued that constructivist explanation requires a combination of methods and it is this methodological pluralism that necessary for uncovering traces of narrative in politics as well as explaining the relationship between narrative and agency.

The table below maps the terrain of narrative theory at four different levels of analysis – the individual, network, state and system. It suggests a basic narrative typology and the sorts of research projects that may benefit from adopting this theoretical approach. Narrative theory overlaps with a number of research agendas, and helps to foreground causal factors that have to this point remained behind the scenes as unexamined assumptions about the way that the world works. This approach gives political economy the opportunity to examine unstated assumptions about shared perception.

**Table 1: Mapping Narrative Theory**

Level of Analysis	Narrative Typology	Portability (across space/time)	Research Opportunities
Individual (behavioural economics)	Folk Wisdom, Viral Stories	High (possible cyclical movement)	Narrative as confidence multiplier (role of stories in manias, panics, crashes)
Network	Human interest stories, personal is political narratives	Medium (dependent upon culture)	Founding myths and narrative motivators in networks (role of stories in social justice organizations, terrorist networks, etc)
State	national mythologies, national ideologies	Medium (dependent upon history and geography)	Relationship between national myths, ideology and governance (mythology and varieties of capitalism)
System	Conventional wisdoms, international ideologies, Mythology of economic consensus	High (possible cyclical movement)	development of international ideologies, role of myths in conventional wisdoms and consensus building <sup>10</sup> (narrative as variable in systemic change)

**Conclusion**

I will conclude by proposing two categories of questions – one about the function of narratives inside the current terrain of research in IPE, and the other about narratives as constitutive of that terrain. That is, a set of questions about theory and a set of questions about method.

*Questions concerning theory*

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<sup>10</sup> For a good discussion of the cyclical movement of economic ideas at the international level, see Paul Krugman. "Cycles of Conventional Wisdom on Economic Development." *International Affairs* 71.4 (1995): 717-32.

Several theoretical questions are suggested by the trajectory of this proposed theory of political agency. First, what is the functional relationship between narratives and different levels of analysis? Another way to put this question is, do the same narratives function on more than one level of analysis, or must we consider different categories or orders of narrative when examining domestic and international interaction? Second, Berry (2008) has noted that political economy tends to treat agency as an exercise of power. If this is the case, what is the relationship between narrative and power? Similarly, what is the relationship between narrative and the structural elements of political economy? Put another way, in the interplay between structure and agency (Jessop, 1996) how do narratives intervene?

Finally, Frye is split on whether the Western tradition is unique in its concern for narrative. He believes the bible is unique in its attention to narrative structure, but also thinks that myths can travel across cultures via the human capacity for imagination. Clearly, Frye's arguments need not be read in relation to civilizational discourse, but the fundamental problem remains – what is the link between international relations, culture and narrative? More provocatively, must we consider narratives in cultural context at all?

#### *Questions concerning method*

This paper raises several questions concerning method. First, Susan Strange (1994) suggests that “theory should only be scientific in the sense that the theorist respects the scientific virtues of rationality and impartiality and aspires to the systematic formulation of explanatory propositions” (p. 12). This is a pragmatic formulation of the difficulty faced by the social scientist, yet remains a very tall order in the case of this program of study. Is it even possible to step outside of narrative in order to study it? The study of narrative seems to require that both the researcher and reader maintain a polite fiction about both of their ability to stand outside the object under consideration. Second, what is the relationship between narrative and method in the social sciences?. That is, how can we think about narratives not only as stories that help explain structure and agency in political economy, but also as frames that explain the way we theorize about political economy?

Political economy, and indeed all of political science, sits uncomfortably between what C.P. Snow famously referred to as ‘the two cultures.’ We make use of the tools of the historian and literary critic while at the same time drawing upon the concepts and methods (not to mention the legitimacy) of the sciences. Ultimately, I think that we need to confront an essential truth that novelists and historians have known all along – not only must we consider ideas important for a comprehensive understanding of structure and agency, but we must also consider the narrative frames in which ideas operate.

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