

# Analytic Narratives

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“Analytic narratives” is a methodological proposal to bridge rational choice modeling with more traditional narrative explanations of phenomena in the social sciences.<sup>1</sup> Typically, the methodology combines models from game theory with historical narrative. The analytic narrative project, however, does not represent a methodological breakthrough in itself. Rather, the project makes explicit the methodology that numerous scholars have adopted when combining historical and comparative research with rational choice models (Levi 2003, 1).

Influenced by the work of Douglass C. North (1981, 1990), the analytic narrative project started off with a commitment to understand institutional formation and change. The authors of the book *Analytic Narratives* (Bates et al. 1998) offer the first systematic outline of the key elements of the methodology, and they do so by exploring institutional change in a wide range of places and times. The authors’ intent, as well as that of the majority of analytic narrativists, is to investigate enduring questions of political economy such as political order, political and economic governance, and intra or interstate relations.

Moreover, a distinguishing feature of the analytic narrative project is that it underscores the importance of the institutional context within which historical events occur. Understanding the institutional context helps account for how and why certain events may happen (Levi 2003, 16). The importance afforded to the historical and institutional detail is in fact what sets analytic narrativists apart from most rational

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<sup>1</sup>Rational choice modeling originated in economics and is an analytical framework for analyzing human behavior that, in a nutshell, assumes individuals have stable, complete, and rational preferences, and choose their most preferred alternative when making choices.

choice scholars. Both deduce their hypothesis from the assumptions of rational choice and the logic of game theory. Rational choice scholars, however, start off from a general model and then test their hypothesis with appropriate data, while analytic narrativists formulate and refine the model itself in interplay with the context-specific institutional elements of the historical narrative. (More on this below.)

A major objective of analytic narratives, shared certainly with social science research, is to successfully identify the causal factors that explain a particular historical phenomenon. That is, to determine how some combination of causes brought it about; the notion of ‘mechanism’ is commonly used. This entry discusses the conditions under which analytic narratives (AN in what follows) are most successful in providing explanations for historical phenomena. First, I discuss the distinctive roles of formal theory and of the context-specific evidence in developing a conjecture and ascribing causality. Second, I explore the behavioral assumptions underlying strategic game theory and their implications for analytic narratives.

## **1 Theoretical model versus narrative**

The construction of an analytic narrative proceeds, roughly, as follows. First, the scholar acquires in-depth knowledge about the historical phenomenon of interest; that is, a detailed account of the context and the historical process, based on studying the past through primary sources or reading the already existing historical accounts. A detailed account is essential to be able to isolate the relevant strategic elements in the interaction: the key actors, their goals, and the rules that structure their behavior. These elements can then be formalized in a model. The formulation of the model—generally a game theory model—specifies the choices, constraints, and trade-offs the actors face in the phenomenon in question. The model is supplemented with the narrative by providing a rich explanation of the meaning actors attach to their actions, circumstances and surroundings: the significance of the local culture (Alexandrova 2009, 2). The outcomes predicted by the theoretical analysis are then confronted with the narrative; the narrative serves to assess the predictions and to arbitrate among possible explanations in instances of observational equivalence.

Further refinement of the model, and collection of more historical detail, can result from additional iterations between the analytics and the history. (For an example of this iterative process see Bates' entry on analytic narratives.)

Analytic narratives stand on a careful balance between context-specific detail and rigorous analytic techniques. An analytic narrative, however, is “problem driven, not theory driven” (Bates et al. 1998, 11). Thus, the explanation of a particular event is what motivates each study. Nonetheless, even if driven by a particular case, analytic narratives are informed by theoretical modeling. The exercise of formalization, by isolating the relevant strategic elements in an interaction, helps identify the key actors and the combination of causes that can explain the strategic situation in question.

A major reason for applying models to narratives is to attain logically consistent explanations; thus the predictions of the model must follow deductively. However, it must be pointed out, that the model does not need to do the bulk of the explanation. The theory highlights the issues to be explored and the general considerations and evidence that need to be examined, while the knowledge of the historical context is used to develop a conjecture regarding the relevant institution (Greif 2006). The theory provides categories and a framework in terms of which the conjecture about the causal mechanism is formulated. The model, thus, *constrains* but does not determine the conjecture.

The conjecture is then evaluated, refined, even overhauled, through the interactive use of a context-specific model and the historical narrative. This empirical method thereby recognizes and takes advantage of the context specificity and historical contingency of institutional analysis (Greif 2006). A successful explanation requires a well confirmed causal claim about why and how a certain outcome obtained—this can be done even if mostly the narrative rather than the model accounts for the explanation (Alexandrova 2000). The explanation that the model points to should also survive competition with other explanations. These can be existing explanations that the author may be contesting, or other potential explanations that could account for the historical facts. The proposed explanation must be confronted with these other explanations, and shown to be superior.

Analytic narratives, by providing a detailed account of the context and the his-

torical process, acknowledge the uniqueness of situations that take place in particular moments and at specific places. At the same time, analytic narratives seek to identify causal mechanisms that are generalizable to other situations, inasmuch as they explain a social phenomenon by identifying how some combination of causes brought it about. Analytic narratives seek to capture the uniqueness of the situation under investigation by means of the narrative, while capturing with the model the general features of the type of phenomena under which this situation falls. The use of rational choice in AN, by carefully identifying the causal mechanisms, makes possible the application of the logic of one setting to another (Levi 2003, 26).

Explanations that can account for different phenomena using few arguments—i.e. generalizable explanations—are of course desirable. Generalizability, however, is not a requirement on explanation, since a causal mechanism may be unique to a phenomenon. Thus, for an analytic narrative to provide a successful explanation, it is not necessary that the causal mechanism be generalizable. It suffices that the events the model identifies as causes and effects actually take place. If a generalizable statement of the mechanism identified by an AN is available, this is of course a plus (see Alexandrova 2009, 20-22).

In short, for analytic narratives to offer successful explanations the formalization at the heart of the narrative must correctly identify some of the causes, effects and enabling conditions in question. This does not require that the causal mechanism be generalizable. What is required is that the events the model identifies as causes and effects actually take place, and that the statement of causal mechanism survives competition with other explanations.

## 2 Behavioral Assumptions

The reliance of AN on explicit formal theorizing compels scholars to take a systematic approach and to reveal the reasoning and assumptions behind their explanations. However, this reliance on models, and specifically game theory models, by emphasizing certain aspects of reality, highlights certain scope conditions for which the analytic narrative project is better suited. The scope conditions refer to the situa-

tions in which game theory serves best as a tool to explain human behavior.

In terms of the historical phenomena of interest and the types of questions addressed, AN are a better tool when causal explanation is found in strategic interactions. AN theorize strategic interaction and not the structural conditions under which the interaction takes place. Macro-level structural factors are taken as exogenous when modeling interactions, which implies that changes in such factors need to be incorporated as moves by ‘nature’ and are not treated in an analytic fashion (Kiser and Welser 2007, 15). This emphasis on strategic interaction, however, is not a weakness of analytic narratives as much as a necessity given their focus on micro level historical data.

The analytical framework of classical game theory rests on seemingly unrealistic assumptions about the cognition, information, and rationality of the parts in the interaction. What is the cost of these assumptions? Analytic narratives emphasize the importance of the institutional context in which situations take place. This institutional context can, in fact, provide the analytic narrativist with the “socially articulated and disseminated rules” that provide individuals with the cognitive, coordinative and informational abilities that the theory assumes. Thus, the specificity of the institutional context can in many cases justify the behavioral assumptions (Greif 2006, chapter 5).

The fact, however, that game theory may not be useful in certain conditions does not imply that analytic narratives must be abandoned. AN can theorize by means of other forms of game theory that rely on different behavioral assumptions. For instance, evolutionary game theory and behavioral game theory (Kiser and Welser 2007, 2). Uncertainty about the possible alternatives and complexity of the situation can lead to biases from the predicted game theoretic behavior. In these situations, the scholars needs to evaluate whether the theory should be modified to incorporate uncertainty or the pertinent behavioral assumptions by making use of behavioral or evolutionary game theoretic models. The usefulness of analytic narratives requires an awareness of the types of situations in which game theory is best applicable and that can benefit most from the methodology.

Analytic narratives, therefore, recognize and take advantage of the context speci-

ficity and historical contingency of institutional analysis. At the same time, AN rely on explicit formal theorizing that compels scholars to take a systematic approach and reveal the reasoning and assumptions behind their explanations. This empirical methodology allows deduction and induction to complement each other, and to be complemented by a context-specific analysis.

## References

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