Storytelling in a Central Bank: The Role of Narrative in the Creation and Use of Specialized Economic Knowledge
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Drawing on an extended ethnographic study of the textual practices of economists at the Bank of Canada, this article looks at narrative construction as a communal process of corporate knowledge making. Employing theories of narrative, genre, and distributed cognition as a conceptual frame, the article traces three stages in the development of a narrative known in the bank as the monetary-policy story. Evolving across a number of written genres, this symbolic representation functions as an important site of intersubjectivity among the institution’s economists. In its final form, the narrative serves the bank’s executives as a shared cognitive and rhetorical resource for making decisions about monetary policy and communicating these decisions to the Canadian public. This account of knowledge making at the Bank of Canada may be useful as a heuristic for researchers studying the dynamics of discourse in other professional settings.

Storytelling in a Central Bank
The Role of Narrative in the Creation and Use of Specialized Economic Knowledge

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Develop a story about what’s happening in the world and why, rather than just mentioning a series of events or presenting a bunch of numbers. Don’t be ashamed to tell a simple story—and tell it in a clear and forceful fashion so that people will remember it. It gives me confidence to know that someone has a story to tell me; I know they’ve thought about things.

—A Bank of Canada executive speaking to a group of staff economists

A number of researchers have found that narrative theory offers a useful lens for exploring the epistemic dimension of professional discourse (Hydén; Myers; Perelman; Stewart; Wells). My aim in this article is to extend this line of inquiry by looking at the construction of

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narrative as a collaborative process of corporate knowledge making. To do so, I draw on an ethnographic study in which I examined the textual practices of economists at the Bank of Canada, the country’s central bank (and counterpart of the U.S. Federal Reserve Board) (Smart, *Knowledge-Making*).

In the article, I depict narratives produced by the bank’s economists as communally constructed representations of knowledge about past, present, and future developments in the Canadian economy. More specifically, I trace the construction and use of one particular narrative—known in the bank as the *monetary-policy story*—as it evolves across a number of written genres, incorporating and synthesizing analyses from different economists, until reaching a final stage where it is used by the bank’s executives as a shared cognitive and rhetorical resource for making decisions about monetary policy and for explaining and justifying those decisions to the Canadian public. Viewed in this way, the *monetary-policy story* is a complex structure of economic knowledge that, in the course of its production, serves to organize, to consolidate, and to give textual expression to the differentiated expertise and intellectual efforts of a large number of people.

**THE THEORETICAL FRAMEWORK AND METHODOLOGY**

This account of the professional activity of Bank of Canada economists takes as its starting point the view that such groups typically employ distinctive local discursive practices to create the specialized forms of knowledge needed to accomplish their work (Bazerman, *Shaping*; Doheny-Farina; Myers; Swales, *Other Floors*; Van Nostrand; Winsor). Derived from an ethnographic study of the “conceptual world” (Geertz, *Interpretation* 24) created by the bank’s economists as they go about their affairs, the account uses narrative theory as its primary frame, with theories of genre and distributed cognition serving as supporting constructs.

**Theoretical Framework**

A number of recent theorists have focused on the epistemic function of narrative discourse. Susan Jarratt, for example, describes narrative as “a vehicle for the serious tasks of knowledge creation,
storage, and use” (22), while Anne DiPardo characterizes it as a medium for a “rich, distinctly valuable sort of knowledge” (68) that “assume[s] guises ranging from the scientific to the poetic” (61). Debra Journet, in pointing to the frequent use of narrative by scientists, writes of the “powerful heuristic value narratives have for science [as] an interpretive and rhetorical strategy” (446) and of the way narrative “impose[s] significance and coherence on a mass of data by using plots to select and order events” (450).

The link between narrative and argumentation has also been theorized. Susan Stockton contends that in historical narrative, point of view and interpretation of evidence are implicitly a form of argument. For Stockton, “there are no ‘objective’ stories[,] different types of historical arguments are inherently lodged in different kinds of narrative” (58). She asserts that one of the ways historical narrative “argues” is through claims of cause and effect, observing that the device of “plot” carries with it “the conjunction of narrative and causal analysis” (61).

In a context particularly relevant to my research at the Bank of Canada, Donald McCloskey discusses the use of narrative in the field of economics. For McCloskey, economics is “rhetoric, human argument, all the way down” (8). Consequently, despite economics’ scientific posture and empirical methodologies, its knowledge making actually depends on rhetorical devices—particularly narrative and metaphor.

Later in the article, I explain the central part that narrative plays in the analytic and policy work of Bank of Canada economists. I describe, to borrow Journet’s phrasing, the “powerful heuristic value [that narrative offers the bank’s economists as] an interpretive and rhetorical strategy” as well as narrative’s capacity for creating and conveying knowledge in the form of historically framed arguments of cause and effect. At the same time, I draw on theories of genre and distributed cognition to reveal aspects of narrative construction that might otherwise remain unnoticed.

Recent theorizing suggests that genres in the professions serve as structures of activity and discourse for generating and applying specialized knowledges (Bazerman, Shaping; Berkenkotter and Huckin; Devitt; Schryer; Smart, “Genre”; Swales, Genre). Elsewhere, Anthony Paré and I have proposed a definition of genre that accentuates this epistemic function:

When an organization has a stable mandate and a well-defined structure, recurrent problems or exigencies arise, each of which calls for a
different type of discourse and knowledge. A written genre can be seen as a broad rhetorical strategy enacted within an [organization] in order to regularize writer/reader transactions in ways that allow for the creation of particular knowledge. (146)

We have also argued for a conception of genre that encompasses regularities in texts, composing processes, and reading practices as well as repeated patterns in “an organization’s drama of interaction, the interpersonal dynamics that surround and support certain texts” (148). As I explain later in the article, this view of genre can help us understand the nature of the collaboration through which an organizational narrative is constructed and used.

A related theme in genre theory concerns the knowledge-making function of families of genres. Amy Devitt proposes the concept of the “genre system,” the full range of typified discourse produced by a professional organization. According to Devitt, an organization’s system of written genres can be seen as a multifaceted rhetorical structure for creating and distributing knowledge needed for carrying out the organization’s work. Charles Bazerman (“Systems”) would extend Devitt’s genre system beyond the cluster of genres enacted by practitioners within a single professional group to include other external genres that are part of the group’s interaction with the world at large. He suggests substituting the term genre set for Devitt’s intraprofessional cluster of genres and reserving the term genre system for the entire network of genres enacted between an organization and other participants in a broader “structured discursive field” (79).

Both the notion of a genre set enacted by practitioners within a professional group and that of a genre system extending beyond the set to include other genres in a wider discursive field are useful for understanding the dynamics of narrative construction. As we will see, the set of internal genres produced by the Bank of Canada’s economists function as analytic and rhetorical media for developing a complex narrative about the Canadian economy that is used in making monetary-policy decisions and in communicating policy outside the institution, whereas the broader genre system, which includes both the genres produced by the bank and the bank-related discourse of government, financial markets, academia, and journalism, enacts the institution’s conversation with other participants in the world of public policy.

A second body of theory that can cast light on the collaborative process of narrative construction is distributed cognition, an
extension of the Soviet cultural-historical approach known as activity theory (Vygotsky; Luria; Leont’ev). Departing from a tradition in Western psychology that locates intellectual functioning within the individual, removed from history and sociocultural influences, and that objectifies knowledge, distributed cognition theorists look at intelligence, reasoning, and knowledge as “manifest in activity and distributed in nature” (Pea 72). Cognition is seen to be “stretched over,” as Jean Lave puts it, the activity of people working together, using shared cultural practices and artifacts (be they material, symbolic, or organizational) to achieve common goals.

From this perspective, knowledge is understood to be activity based and socially generated: It “arises from people thinking in action” (Pea 49) as they cooperate in getting things done. Furthermore, as James Wertsch observes, such thinking in action “is viewed as being shaped or even defined by the mediational means it employs to carry out a task” (15). Hence, distributed cognition theorists accord close attention to the various “mediational means”—symbolic representations, technologies, collaborative arrangements—that groups employ to enable the particular specialized forms of reasoning and knowledge creation required to accomplish their work.

Symbolic representations, such as narratives, are seen as “vehicles of thought” (Salomon xiii) that “profoundly [affect] our conception of what, how, and why one needs to know” (xvii). Bazerman (Constructing) emphasizes the role of such representations in fostering the “intersubjectivity”—that is, the ground of shared understandings—necessary for productive intellectual collaboration. He suggests that symbolic representations, whether linguistic, visual, or mathematical, serve to “mediate between private spaces of cognition and public spaces in which intersubjectivity is negotiated,” thereby “providing shared information, perception, [and] orientation of large numbers of people engaged in coordinated activities” (146-47).

The role of shared symbolic representations in orienting activity, as mentioned by Bazerman, is particularly important in large, complex professional organizations. In such cases, representations play an essential part in creating the intersubjectivity that enables a multitude of people with varied experience, roles, and expertise to collaborate intellectually in a productive manner. In hierarchical organizations, collaborative activity of this kind typically involves the “division of cognitive labour” (Hutchins), where technical specialists engage in analytical work—or “surrogate thinking” (Smart, “Ecology”)—on behalf of more-senior decision makers.
As I later explain, this view of the mediating function of symbolic representations aptly characterizes the role of the *monetary-policy story* constructed by the bank’s economists. This narrative acts as, to adapt Salomon’s phrase, a “vehic[e] of [organizational] thought” that evolves across a set of genres, serving to align the economists’ various analytic activities with the bank’s policy mandate and to consolidate the output of their work, thereby enabling the production and application of the complex, specialized knowledge a central bank needs for conducting monetary policy.

**Methodology**

The aim of the research reported here is to explore the intellectual collaboration that enables economists at the Bank of Canada to create and apply specialized written knowledge. Because, as Clifford Geertz (*Local*) notes, such knowledge is the product of “local frames of awareness” (6) and because each organizational culture has, in Teresa Harrison’s words, a “unique worldview embodied by the idiosyncratic content and structure of its knowledge system” (11), the research had to encompass the economists’ own particular motives, perspectives, and conceptual schemes. For this reason, I turned to interpretive ethnography as the methodology for the study (see Smart, “Mapping,” for a detailed discussion of the use of interpretive ethnography to research professional discourse).

During my years as a writing consultant and trainer at the Bank of Canada, I collected and analyzed a wide variety of qualitative data, including field notes from on-site observations, reading protocols, tape-recorded meetings, recordings of presentations by senior economists at writing seminars, internal and published documents, and scores of interviews. In the first stage of my research, from 1983 through 1993, these data reflected a broad interest in the textual practices of a range of different professionals—economists as well as people in other areas, such as business analysts, administrators, and computer experts.

In the second stage of inquiry, from 1994 through 1996, I focused on the epistemic activity of the bank’s economists, gleaning relevant material from previously collected data and gathering additional data (including some 30 interviews) to construct an account of the economists’ intellectual collaboration and knowledge making organized around “first-order constructs” (Van Maanen, “Fact” 542)—that is, around the economists’ “own thoughts, theories, and world views”
(Van Maanen, *Tales 50*). Consequently, the account presented here features numerous quotations from the economists and includes many “key terms” (Geertz, *Local* 157) from their local professional vernacular.

Two final points need to be made here: First, although I was a writing consultant and trainer for many years at the bank, I neither participated in inventing the set of written genres used by the economists in carrying out their monetary-policy work nor introduced the term *story* to them. Rather, these were indigenous aspects of their conceptual world that I came to recognize during the course of my research. Second, descriptions in this article of the genres used by the bank’s economists are for the most part derived from data gathered during the period from 1994 through 1996. Similarly, the quotations from economists are almost entirely taken from these later data.

**BACKGROUND: THE BANK OF CANADA AND ITS WORK**

As a central bank, the Bank of Canada’s primary role is to direct the country’s monetary policy, which involves managing the national money supply by influencing interest rates and the exchange rate, with the larger goal of improving the performance of the economy. In recent years the bank has made the pursuit of price stability, or inflation control, its primary policy objective (as have its counterparts in other industrialized countries). Accordingly, the bank has committed itself to guiding the Canadian economy toward a series of “inflation-control targets” extending into future years.

Decisions on monetary policy are made by an executive group that includes the governor, the senior deputy governor, four deputy governors, four advisers, and an associate adviser. Below this group in the institutional hierarchy are some 170 staff economists, situated in four departments—Research, Monetary and Financial Analysis, International, and Financial Markets—with each department headed by a chief. To a large extent, the executives rely on the staff economists to produce the specialized knowledge about the Canadian economy needed to conduct monetary policy, knowledge largely derived from statistical data received from Statistics Canada, a federal agency, and other sources.

As one department chief observes, the bank’s policy actions are “based on a theoretical and empirical view of how the economy...
functions.” He goes on to describe the use of institutionally created analytic “frameworks” to interpret economic data, an ongoing activity known in the bank as “current analysis”: “Daily current analysis of incoming data employs frameworks. Data or events are not merely reported—they’re analyzed in accordance with the various frameworks that have been built up over time at the bank.”

Another department chief elaborates on this theme, referring to the “various frameworks . . . built up over time” as the bank’s “paradigm” of the Canadian economy and pointing to the way the paradigm is used in current analysis for “developing stories” about the state of the economy:

Current analysis involves using our paradigm of the economy—our view of how the economy works, that is, how it’s structured and what the linkages are—to interpret the events of the day. Current analysis, in other words, is about developing stories, in the context of our state of knowledge. You start with the data and ask, “What does our paradigm say about this?”

In accomplishing this storytelling, the bank’s economists rely significantly on a computer-driven mathematical representation of the economy known as the Quarterly Projection Model (usually referred to in the bank as QPM). Developed in-house by bank staff economists, QPM comprises some 30 interconnected equations depicting different “sectors” of the economy. Run by a powerful personal computer linked to a network of other computers and an extensive database, QPM simulates the behavior of households, business firms, government, foreign economic players, and the central bank itself.

QPM serves as the bank’s primary analytic tool. The model instantiates the bank’s paradigm of the Canadian economy: A staff economist describes it as “a kind of storehouse of knowledge that represents our best guess as to how the economy functions.” Another staff economist turns to metaphor to convey a sense of QPM’s central role in interpreting empirical data: “We see the economy through the eyes of the model.” As a shared representation of the economy and a common analytic framework, QPM contributes in an important way to the intersubjectivity—the ground of shared understandings—that makes possible the intellectual collaboration of the bank’s economists.
Earlier I discussed theorizing about narrative, genre, and distributed cognition. Now I apply that discussion to the bank’s monetary-policy work and examine how narrative is employed by the institution’s economists as a means of generating, synthesizing, and giving textual form to specialized knowledge about the Canadian economy. Specifically, I look at how the complex narrative known as the monetary-policy story is created and then used as a shared cognitive and rhetorical resource for conducting and communicating policy. Observing the process through which this organizational narrative is created accords us a fine-grained picture of the collaborative creation and application of disciplinary knowledge.

Constructing the Monetary-Policy Story

The monetary-policy story is constructed in three stages, over time and across a set of written genres, with each successive version offering a broader knowledge claim in the form of a more comprehensive account of the state of the Canadian economy. The narrative appears in the first stage as a cluster of what I refer to as sector stories, specialists’ analyses of developments in different sectors of the economy; in the second stage, as a more encompassing, although still somewhat circumscribed, narrative about the Canadian economy as a whole, produced by a team of economists during a quarterly activity known as the Projection Exercise and inscribed in a document called the White Book; and then in the final stage, as a fully elaborated institutional story, constructed by the executives from the White Book and other sources of information. A staff economist provides an overview of this process of narrative building:

The sector specialists all have their little stories that they create using satellite models [adjuncts to QPM]. Then in the Projection Exercise, the Secretariat uses QPM to pull all these stories together and make them interact with one another to produce a larger story. And then there’s the presentation of the White Book to the executives, where they test and prod your story. And then the executives take it from there themselves.

I outline here the three stages in the construction of the monetary-policy story in greater detail. I describe a writing-intensive, model-
mediated collaborative process, in which statistical data reflecting a wide range of conditions and developments in the Canadian economy are interpreted linguistically and transformed into narrative representations of knowledge that are used by the bank in conducting monetary policy and in communicating policy to the public. As the monetary-policy story evolves, a set of written genres, with its inherent patterns of structured social interaction, functions as a sequence of sites for the deployment of differentiated expertise, for the synthesis of various types of economic analysis as well as for the negotiation and resolution of competing interpretations of empirical phenomena and statistical data. At the same time, I show how a shared understanding of local narrative conventions and experience with the genres involved in the construction of the monetary-policy story contribute to the intersubjectivity needed for coordinated and productive intellectual collaboration.

**Current Analysis and Sector Stories**

In the ongoing activity known as current analysis, 14 junior staff economists, the sector specialists, monitor and analyze incoming statistical data on various sectors of the Canadian economy. These sectors include, for example, aggregate demand, aggregate supply, consumption, government expenditure, employment, business investment, imports and exports, commodity prices, and trade in services. Using computerized “satellite models”—adjuncts to QPM that represent particular areas of the Canadian economy in greater detail—as well as a considerable amount of what bank economists refer to as “professional judgment,” the specialists are expected to, in the words of one department chief, “tell a story” about their assigned sectors of the economy. The specialists, in consultation with colleagues, construct and maintain *sector stories* identifying and explaining significant developments—past, current, and future—in their individual sectors and continuously update the narratives as new data arrive. These *sector stories* must be available for the telling and are reported regularly to more senior economists, both orally in meetings and in a genre known as the analytic note. An example of the “surrogate thinking” referred to earlier, the storytelling of the analytic notes supports the work of economists at more-senior levels in the institutional hierarchy.

The narratives produced in this first stage of the construction of the monetary-policy story involve a distinctive type of discourse. Three
bank executives describe the discourse as well as some of the expectations and attitudes associated with it. (The quotations are taken from presentations by the executives as guest speakers at writing seminars for staff economists.)

When reporting on their work, the staff are being asked to tell a story—an explanation for events—rather than give us neutral description, and all in the context of the job we do here at the bank. Now on the other hand, of course, we don’t want just opinion; we want factual analysis—a story based on evidence.

What I look for is the staff’s assessment of their respective areas. How do you explain what’s going on? The crucial thing is to have a coherent story. The story should describe the underlying economic forces, offering an explanation of why key events occurred and suggesting causal linkages among events.

We need to know the broad economic story underlying the data—what’s going on in the economy and why, and what’s the outlook. What we’re interested in is your interpretation of developments in your sector. What can you say about the data you’re looking at? What do the numbers tell you? What economic processes are at play? And does this lead you to revise your view of what’s been happening in the current quarter and what the outlook is?

As used above, the term story is closely linked to analysis, the practice of employing discipline-specific concepts, tools, and procedures to interpret empirical phenomena and/or statistical data and develop knowledge claims. The characterization of such a story as a linguistic interpretation of a “series of events . . . or a bunch of numbers,” as another executive put it (see the quotation at the beginning of the article), recalls Journet’s description of narrative as an “interpretive and rhetorical strategy” with a “powerful heuristic value” for construing the meaning of data. Specifically, sector stories appear to address a number of particular questions: What of significance has been happening in a particular area of the economy, is happening now, or is expected to happen in the future? What are the explanations for these developments, in terms of the underlying economic forces at play? How do the developments confirm or challenge the bank’s current view of the economy? And what are the implications of all of this for “the job we do here at the bank,” conducting monetary policy?

The following comments from two sector specialists provide another perspective on the sector stories. The views of the specialists are quite similar to each other. Both this similarity and the consistency of the specialists’ views with the expectations of the executives
quoted previously suggest something of the way in which a shared sense of local narrative conventions contributes to sustaining the intersubjectivity that allows the bank’s economists to collaborate effectively as a professional community.

In discussing the stories that she and her colleagues produce, the first sector specialist describes them as the product of bringing together economic theory and statistical data. She begins by talking about theory as a lens for interpreting data:

We’re always trying to see whether the data fit into what economic theory tells us. You know, should this be occurring now in the business cycle? We know that during business cycles this sort of event should occur—and is this what we’re seeing? And if not, why aren’t we seeing it?

She goes on to acknowledge the constructed, and necessarily uncertain, nature of economic stories:

We often use the word story when we look at some numbers and say how we interpret them. But we know the story isn’t reality, it’s just our best guess. Of course you want to believe that you’re able to look at the data and understand what’s going on with the economy, and to some extent you probably can; but you can only see through to a certain layer of what’s really going on—there are always underlying factors that just can’t be quantified, such as feelings in the market and political events.

The second sector specialist, in discussing the term story, speaks in a similar way about the convergence of economic theory and statistical data, bringing in the specific influence of QPM, viewed as an instantiation of the bank’s paradigm of the Canadian economy:

Well, when you look at a bunch of data, what does it mean? What’s it telling you? That’s the story. And underlying that process [of interpretation], you’ve got to have a theoretical framework, implicit or explicit. And with QPM it’s explicit. You’ve got your data, the numbers, and you’re saying, “Well, how do these numbers coincide with the framework in the model? Do they match or don’t they match? And if not, why?” And that’s your starting point for developing the story.

Although the stories constructed by the sector specialists depend on numerical output from their computer-run satellite models, the stories also reflect a large measure of professional judgment. In this particular instance, such judgment appears to encompass subtheoretical
ideas (in the sense of existing at a less well defined level than formal disciplinary theory) about how different economic variables tend to interact as well as intuitive understandings about the behavior of specific areas of the Canadian economy. This marriage of judgment and mathematical modeling in the specialists’ storytelling can be viewed as a case of distributed cognition, where a professional group, to accomplish its work, has created an artifact combining technology and a symbol system, with the “intelligence” of the artifact merging with the insights and intuitions of the human intellect—a meshing of mind and tool—in a process of collaborative knowledge making.

The Projection Exercise and the White Book

Although current analysis is an ongoing activity in the bank, in that the sector stories are continually being updated and reported, the narratives come into play in a specific way in the Projection Exercise, a highly collaborative operation that occurs once a quarter and usually lasts about a month. During the Projection Exercise, a team of six senior economists known as the secretariat uses the computer-run QPM (with technical support from three economists in what is referred to as the Projection group) to consolidate and interpret information about different areas of the economy provided by the 14 sector specialists. The outcome of the Projection Exercise is the White Book, a document addressed to the bank’s executives, which describes current conditions and developments in the Canadian economy, forecasts trends, and recommends a direction for monetary policy.

An examination of this stage in the development of the monetary-policy story with an eye to the genres and distributed cognition involved reveals aspects of narrative construction that might otherwise be missed. A look at the Projection Exercise shows how reasoning and knowing are “stretched over” (to use Lave’s phrase) the activity of a group of professionals working together to accomplish a common goal as well as how this activity is enabled and shaped by various “mediational means” (Wertsch 15) such as material tools (computers), symbolic representations (written texts and a mathematical model), and structured social interactions (a series of formal meetings). It also reveals how the genres associated with the monetary-policy story—with their “drama of interaction, the interpersonal dynamics that surround and support certain texts” (Paré and
Smart 148)—function as sites for collaboration by economists with different experience, roles, perspectives, and expertise.

At the beginning of the Projection Exercise, in the Starting Point Meeting, the specialists confer with the members of the secretariat, and the most recent versions of the sector stories (as presented in analytic notes produced by the specialists) are discussed and then factored into the initial settings, or values, for the equations in QPM. As the Projection Exercise proceeds, the sector stories fade into the background as they are absorbed through the medium of QPM and integrated into a broader narrative about the Canadian economy as a whole that is inscribed in the White Book.

During the course of the Projection Exercise, the secretariat, with the technical help of the Projection group, runs QPM a dozen times or more on the powerful computer that operates the model, using different settings that combine assumptions about the behavior of the economy (assumptions negotiated within the secretariat) and the most recent statistical data. After each substantively different run—typically half a dozen or so of these—the results are distributed to the participants in the Projection Exercise in the form of numerical tables and graphs available on paper and in hypertext, with both the process and the document called a projection round. Each time, after some preliminary consultations with the sector specialists, the members of the secretariat gather to discuss the results in a Projection Round Meeting. Here again, we see economists applying their professional judgment in interpreting the meaning of numerical output from an economic model, with such judgment in this case involving the economists’ intuitive sense of the dynamics within and among different sectors of the economy.

As the rounds proceed and interpretations of successive results are negotiated within the secretariat, a consensual story is gradually developed about the current state of the Canadian economy, its future prospects, and the implications for monetary policy. According to the projection coordinator, the member of the secretariat responsible for orchestrating the White Book write-up, “It’s a staff exercise, and you’re trying to develop a common story. That’s not to say we don’t have quite different views at times, but what we try to do is bring these views together as best we can.” The coordinator goes on to speak of the narrative impulse that drives the production of the White Book:

As the Projection Exercise goes on, the secretariat has to interpret the results from QPM. And that’s the key thing: You have to be able to tell a
story out of the numbers. That’s what our jobs are, to make sure there’s a story and that there’s sound economics behind it. That’s what my job as coordinator is, to make sure there’s a good story we can put in the White Book to explain things and to make a policy recommendation.

Once the projection rounds have been completed and the members of the secretariat have agreed on the broad outline of the story to be told in the White Book, they gather with the four department chiefs in the Chiefs’ Meeting to discuss the story, as conveyed in summary form in the “Chiefs’ Case,” a document containing several paragraphs of text and a dozen or more pages of numerical tables and graphs. At the meeting, the projection coordinator presents an overview of the story orally, and then the other members of the secretariat add detail and respond to questions from the chiefs. According to one chief, “the purpose of the meeting is to thrash out the results, to criticize them, and recommend any changes prior to the creation of the White Book.” When the secretariat has reached agreement with the department chiefs about the story to be told in the White Book, the projection coordinator proceeds with the write-up.

In its final form, the White Book is about 50 pages in length. After summarizing recent economic developments in other countries, with particular attention accorded the United States, the document describes and explains what has been happening in the Canadian economy during the past several quarters; what is likely to occur in the future; and given all of this, what path of monetary conditions (i.e., the combination of the movement in interest rates and the exchange rate) will be required to move the economy toward the bank’s inflation-control targets. The view of the economy embodied in the White Book and the recommended path of monetary conditions represent a knowledge claim intended to inform the bank’s policy actions.

When finished, the White Book is sent on to the bank’s executives. A department chief characterizes the narrative it conveys as the quintessential piece of policy advice that the bank’s staff economists have to offer the executives: “It’s a summary of everything we know, the best advice we can give them.” And indeed, as reflected in the significant amount of bank resources committed to the Projection Exercise, the executives treat both the view of the Canadian economy presented in the White Book and the policy advice it offers with considerable regard. As one executive puts it, “We look at the White Book as an essential framework for thinking about the economy and about policy.”
The formal conclusion to the Projection Exercise is a gathering known as the Presentation Meeting, where the executives meet with the secretariat to discuss the story conveyed in the White Book, with the sector specialists and other interested economists also in attendance. (The executives will actually have received the document several days earlier.) The meeting offers the economists in the secretariat the opportunity to position the White Book in terms of how they hope it will be read: “where they want to put the emphasis or slant,” as one executive puts it.

On the other hand, the meeting gives the executives the opportunity to examine the quality of the economic analysis that has gone into the production of the story in the White Book. Another executive explains:

We probe, ask questions, make sure that we understand what's there. They're presenting a product, and what's important for us is that we understand the thinking and judgement that went into it, so that we can then discuss and debate that among ourselves later.

According to the executive, an important part of the “probing” involves the “risk analyses” that are included as an appendix in the White Book. Risks are possible errors in the assumptions underlying an economic forecast; a risk analysis assesses the chance of error for a particular assumption and gauges the impact that the error would have on the forecast.

A sector specialist provides another perspective on the executives’ scrutiny:

What happens at the meeting with the executives is that they test and prod your story. They say, “OK, so here’s the story, and what would happen if I told you that I don’t believe this part. How does it work now?” A large part of it has to do with the risk analysis, where they say, “What if this were to happen, rather than what you’re assuming; how would your story accommodate that, or how would you have to change it?”

This shared understanding of the rhetorical conventions governing the series of meetings associated with the construction of the monetary-policy story is another facet of the intersubjectivity underlying the economists’ intellectual collaboration.

The genre of the White Book, then, plays a pivotal role in the development of the monetary-policy story. The knowledge inscribed in the
document derives from an intelligence distributed across the people, technology, symbol systems, and structured social interaction that constitute the Projection Exercise. Seen in this light, the White Book functions as a primary site for collaboration, one in which the different perspectives and expertise of the sector specialists, the secretariat, the Projection group, and the executives are brought together in a synergistic and productive way. At the same time, the meetings associated with the genre of the White Book provide regular occasions for negotiating competing interpretations of empirical phenomena and statistical data.

The Full Institutional Story

Once the White Book version of the monetary-policy story has been conveyed to the bank’s executives and discussed at the Presentation Meeting, it provides the basis for a more comprehensive narrative constructed by the executives themselves. We might see this narrative as the full institutional story on the state of the Canadian economy, the probable future developments, and the appropriate monetary policy to be followed. In elaborating the story presented to them in the White Book, the executives bring to bear other sources of information (e.g., discussions with their counterparts in other central banks and financial institutions and economic forecasts from independent private-sector firms) as well as their own professional judgment. In this instance, such judgment appears to involve both a recognition of inherent limitations in QPM and views on certain economic issues that may differ from those of the secretariat. One of the executives points to a particular limitation of QPM that needs to be offset with judgment:

What we ask the staff to do in the White Book is to give us their best sense of the policy actions required to achieve the inflation-control targets six to eight quarters down the road. They aren’t asked, though, to make adjustments for what they think the [financial] markets will allow. One thing QPM doesn’t deal with—and I don’t think any model can—is the state of market confidence, or market nervousness, in various circumstances. So this is something we factor in afterwards.

He goes on to give several examples of cases where he and his senior colleagues may simply look at the world differently than the staff economists: “We may have a different sense than the staff of what’s happening overseas, or what the outlook for the U.S. economy is, or
what the implications of the next federal budget will be.” He explains that in certain instances, the executives may simply apply their own judgment as a “mental overlay” on the story in the White Book, whereas in other instances, they may feel that unidentified risks, or uncertainties, are associated with the assumptions underlying the forecast of economic events in the White Book and will therefore ask the secretariat to go back and do additional written work.

Another executive describes the broad schema of the monetary-policy story in its fully elaborated form:

Well, we have inflation-control targets that are the anchor to the story line. So the story is, first, to repeat what the next target is, to make it very clear that people understand our objective and the government’s objective. Then, “What is inflation today, and where are we, relative to the target? And what’s the explanation for where we are?” Next, based on our assessment of future trends, “Where’s the economy going to go?” So, for example, the story might be: “Inflation is, let’s say, 2.5% today, and that’s a reflection of all that’s gone on over the last year or two. So much of it is our exchange rate depreciation, so much of it is aggregate demand relative to supply, and so on.” Then the story also includes—given our interpretation of the economy and our sense of where we’re going on the inflation front—what that implies for the bank’s future monetary-policy actions to ensure we get to where we want to end up.

Unlike the earlier version of the monetary-policy story presented in the White Book, the fully elaborated version is nowhere completely articulated in written form in any internal document; rather, it resides in the executives’ discourse, surfacing in meetings and informal conversations, in whole or in part, and underlying certain assumptions and lines of argument in the texts they produce. An external publication, the twice-yearly Bank of Canada Monetary Policy Report, conveys the full schema of the story more explicitly and completely than any other single text. (See the appendix for excerpts from the May 1996 report that provide a sense of the full story.)

Using the Monetary-Policy Story to Make and Communicate Policy

Once the bank’s executives have developed their own elaborated version of the monetary-policy story through discussions among themselves, it becomes a shared cognitive resource for making decisions
about policy. A key moment in this regard is a gathering known as the Management Committee Meeting, held shortly after the presentation of the White Book, in which the executives consider the implications of the policy advice contained in the document and make decisions regarding the conduct of monetary policy during the first part of the next quarter. As one executive describes it:

The meeting is specifically meant to discuss monetary policy proper. We say, “OK, we know where the staff is in terms of the outlook for the economy and their recommendation for monetary conditions. Now, how do we assess their analysis, and what strategy are we going to follow in the next six weeks or so?”

In addition to its internal use to support decision making within the institution, the executives draw on the monetary-policy story as a rhetorical resource for communicating the bank’s monetary policy—both the what and the why of it—to the Canadian public (here taken to include the public at large as well as the media, university economists, participants in the financial markets, and other specialized external audiences). Different aspects of the story, with the selection depending on occasion and audience, appear in a number of written genres intended to convey the bank’s view of the economic landscape, including speeches by the governor and other executives (based on collaboratively produced written texts), the Annual Report of the Bank of Canada, the Bank of Canada Monetary Policy Review, the commentary section of the quarterly Bank of Canada Review, Bank of Canada Technical Reports, and Bank of Canada Working Papers as well as in conference papers and journal articles by bank economists.

These bank genres are part of a larger public-policy genre system that also encompasses bank-related discourse produced by the media, the Canadian financial community, various levels of government, academics, and so on. In a sense, then, the bank is engaged in an ongoing conversation with other groups in Canadian society, with the monetary-policy story serving as a basis for the bank’s turns in the conversation. One of the executives explains:

In communicating with the public, you always have the broader picture in the back of your mind about what’s happening in the economy. Rather than specific numbers, it’s the story line you talk about. This shows up, for example, in the Monetary Policy Report; and aspects of it will be in the commentary section in the Bank of Canada Review, and in
the governor’s speeches. When I go out to give a speech myself, I try to be quite clear in my mind about what kind of story we have. And even when a speech isn’t directly related to that, it’ll certainly come up in answering questions afterwards.

As we have seen, the monetary-policy story, in its three stages of construction, functions as a key locus of knowledge making in the bank. Inside the institution, the narrative serves several purposes: It focuses and coordinates collaboration among the staff economists, aligning their analytic work with the bank’s institutional mandate and consolidating their output; it acts as a discursive medium that gives the executives regular access to the staff’s analyses of economic developments; it provides the executives with a conceptual frame for assessing and elaborating on the staff’s input, in the light of other knowledge and sources of information; and, ultimately, it becomes a communal cognitive resource that supports the executives’ decision making. In addition, the story is used by the executives outside the bank to explain and justify monetary policy to the Canadian public. Underlying these functions is the capacity of the monetary-policy story, as a symbolic representation, to “mediate between private spaces of cognition and public spaces in which intersubjectivity is negotiated” (Bazerman, Constructing 146). As a shared cognitive and rhetorical resource, the narrative plays a central role in the collaborative construction of the specialized knowledge that allows the bank to accomplish its work in the world.

**IMPLICATIONS FOR THEORY AND RESEARCH**

This account of knowledge making at the Bank of Canada contributes in several ways to our understanding of the role that narrative can play in professional discourse. First, the account provides support for, and perhaps some empirical texture to, claims that theorists such as DiPardo, Journet, Jarratt, Stockton, and McCloskey have made for the epistemic function of narrative. In particular, I am thinking of Jarratt’s description of narrative as “a vehicle for the serious tasks of knowledge creation, storage, and use” (22), Journet’s allusion to “the powerful heuristic value narratives have for science [as] an interpretive and rhetorical strategy” (446), and Stockton’s assertions regarding the argumentational dimension of historical narrative. The
description of the construction and use of the bank’s monetary-policy story exemplifies each of these claims.

At the same time, in its depiction of how the monetary-policy story is used to generate, embody, and communicate economic knowledge, the account extends prior theorizing of narrative. The research suggests that narrative can function as an evolving—in a sense, organic—knowledge-bearing representation that “moves,” cumulatively and chronologically, across a number of different genres, both distributing cognition among and synthesizing intellectual contributions from colleagues working in different organizational sites and time frames. Looking at the three stages in the development of the monetary-policy story, with the merging of statistical data, verbal and mathematical discourse, and professional judgment, I have shown how specialized input from a multitude of people is progressively integrated into a single comprehensive narrative, one that serves the institution as a shared cognitive and rhetorical resource. In the same vein, narrative, as a contributor to intersubjectivity among the bank’s economists, plays a key role in establishing the realm of shared understandings that supports collaborative knowledge making.

Also, the account adds to our understanding of the impetus for narrative in professional discourse. According to Journet, “The need to frame reality into narrative structures is [a human] ‘predisposition’: We impose narrative structure on reality to endow it with meaning” (448-50). And Greg Myers, for his part, sees the widespread use of narrative in science as arising from the practitioner’s rhetorical need, when reporting research, to shape texts in accordance with discursive conventions of coherence and completeness. For the bank’s economists, however, there appears to be a further sociohistorical motivation: Over time, their professional community has developed a tacit understanding—a historically achieved institutional wisdom—about how an organizational narrative, or, more accurately, a metanarrative, provides a way of combining the differentiated expertise and analytic work of many people in a configuration that allows for the construction and application of the complex specialized knowledge the bank needs to conduct monetary policy.

In conclusion, I propose that other researchers might wish to consider using this account of the role of narrative in collaborative knowledge making at the Bank of Canada as a heuristic for their own inquiries into the dynamics of discourse in other professional sites. In particular, they might want to examine how the process of communal
narrative construction may contribute to the creation and application of specialized knowledge essential to an organization for accomplishing its mandate. I also suggest that researchers engaged in such inquiry might find that bringing theories of genre and distributed cognition into play along with concepts of narrative can reveal important aspects of this process. Taken together, these three theoretical perspectives, with their different but complementary angles of vision, constitute a powerful conceptual frame for examining the discursive practices that enable intellectual collaboration and knowledge making within a professional organization.

APPENDIX

The twice-yearly Bank of Canada Monetary-Policy Report follows the schema of the fully elaborated monetary policy story more explicitly and completely than any other single published text. These excerpts from the May 1996 report provide a sense of the elements that constitute the story line:

The inflation-control target range is set at 1% to 3% until 1998. … The six months since the last Report have been characterized by downward pressure on the trend of inflation. … Core inflation, after remaining in the upper half of the target range through most of 1995, has recently fallen back into the lower half of the [inflation-control target] range. … Other broad measures of inflation also declined in the second half of 1995.

The pickup in economic activity during the second half of 1995 was weaker than expected. … Slow aggregate demand growth contributed to a widening of the gap between actual and potential output.

Exchange rate effects have diminished considerably over the past six months. … The impact of past commodity price increases on inflation, at both the producer and consumer levels, is also diminishing.

Wage increases in 1995 picked up a little in the private sector but remained moderate over all. … With lacklustre output growth, gains in productivity stalled and unit labour costs rose. … The producer real wage gap opened up slightly towards year-end.

Monetary conditions have eased in response to disinflationary pressures. … The Bank has proceeded at a measured pace in its policy actions, hoping to foster as much understanding and as little uncertainty as possible.

External demand should continue to contribute to Canada’s output growth.
Although employment uncertainty and efforts to increase savings may somewhat restrain growth in household spending, the pace of economic expansion in Canada should pick up in coming months. Excess supply will nonetheless continue to place downward pressure on inflation. The effects of past exchange rate and commodity price movements on consumer prices should continue to abate. Expectations of inflation continue to decline. . . . Monetary aggregates point to low inflation and rising economic activity. . . . The near-term inflation outlook remains consistent with the Bank’s inflation-control target range. [These circumstances could lead to] an easing in the desired medium-term path of monetary conditions.

NOTES

1. In the article, the term analysis refers to the practice of using discipline-specific tools, concepts, and procedures to interpret empirical phenomena, which are frequently represented by statistical data.

2. Strictly speaking, the genre set used by the bank’s economists is actually broader than the cluster of genres associated with monetary policy, in that the economists produce other types of discourse, such as interoffice memorandums regarding administrative issues. For my purposes here, however, I will use the term genre set in the narrower sense.

3. As mentioned earlier, interpretive ethnography, as defined by Clifford Geertz (Local), privileges “key terms” in subjects’ local vernacular as an index of their “conceptual world.” Throughout this article, I quote economists referring to the stories they produce in their work. Although the meaning the economists ascribe to the term may differ from everyday usage, this meaning matches up very well with definitions of narrative proposed by theorists such as Debra Journet and Susan Stockton.

4. The quotations from bank economists included in this article have been edited to remove false starts, hesitations, and redundancy.

5. Most economists believe that national economies are characterized by a repeated cycle of fluctuations in economic activity and output.

REFERENCES


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