

# Analyzing and evaluating complex argumentation in an economic-financial context.

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## 1. Introduction

In his extraordinarily intense and fertile research activity, reflected by an impressive number of publications, Douglas Walton has not only studied in depth numerous theoretical crucial concepts in argumentation theory but has also focused on several contexts in which argumentation occurs, considering different fields, like law (e.g. Walton 2002a, 2005c, 2008), health care (e.g. Walton 1985, 2009b), media (e.g. Walton 2007b), public discourse (e.g. Walton 2000, 2001, 2005b).

In its research and education activities our group in Lugano (ILS)<sup>2</sup> has devoted, in the last years, significant efforts to financial communication (cf. Rigotti & Greco 2007; Rocci & Palmieri 2007; Rigotti & Palmieri 2008; Palmieri 2008a&b, 2009; Rocci 2009) a field whose relevance has strongly increased today, in connection with the global financial crisis. Now, Douglas Walton has also considered economic-financial argumentation by focusing in particular on what he calls “the argument from waste” or “sunk costs fallacy” (Walton 2002b), but, in our view, his major contribution to the study of

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<sup>2</sup> The Institute of Linguistics and Semiotics (ILS) of the University of Lugano focuses, both in its research and educational activities, on the relationship between argumentation and the context in which it occurs. As one of the considered contexts is finance, in 2004, this Institute has set up in collaboration with the Institute of Finance (Faculty of Economics) a Master Program in Financial Communication, whose main objective is to provide students with the competencies in financial economics and banking integrated with juridical and communicative-argumentative skills strongly required by the professional context.

Four research projects on economic/financial argumentation, supported by the Swiss National Science Foundation, are currently ongoing at the ILS. Eddo Rigotti leads a project studying argumentation as a tool for resolving conflicts between managers and shareholders of publicly listed stock corporations (Grant: PDFMP1-123093). The authors of this paper are also conducting a recently approved project studying the argumentative practices adopted by Swiss banks in order to comply with Anti Money Laundering and Counter Terrorism Finance rules while at the same time preserving the fiduciary relationship with the suspected client (Grant: CR11T1\_130652/1). Eddo Rigotti carried out the present development of the AMT (Argumentum Model of Topics) for the analysis of financial argumentation as part of his contribution to the research project entitled "Modality in argumentation. A semantic-argumentative study of predictions in Italian economic-financial newspapers." The project is supported by the Swiss National Science Foundation (Grant: 100012-120740/1) and directed by Andrea Rocci. Finally, Eddo Rigotti is actively involved in another project led by Andrea Rocci which investigates the argumentative function and rhetorical exploitation of keywords corporate reporting discourse (Grant: PDFMP1\_124845).

At the educational level, ILS is the leading house of *Argupolis* ([www.argupolis.net](http://www.argupolis.net)), a doctoral school devoted to the study of argumentation practices in context, financed by the Swiss National Science Foundation (Grant: PDAMP1-123089).

economic/financial argumentation is related to his wide and deep investigation on practical reasoning (e.g. Walton 1990, 2005b, 2007a, 2009a), a typically decision-oriented argumentative activity.

Indeed, argumentation in financial interaction proves its relevance most of all in relation to the decision-making processes from which financial activities arise, like investing in a certain company; assigning a rating to a firm; advising clients in the banking context; shareholders' voting of a certain proposal made by corporate managers – like a merger, a capital increase, a new board of directors –, etc.

Finance can be defined as the art of creating resources – rather than simply dividing them – by matching the capital with an original idea able to increase it (cf. Lazonick 1991; Snehota 2004; Rigotti & Greco 2007). In this view, the main actors of the financial interaction are *entrepreneurs* – people with ideas but no capital for realizing them (cf. Kirzner 1973) – and investors/savers – people with excess of capital but without projects for increasing or keeping its value over time (Healy & Palepu 2001).

The relevance of argumentation for financial and economical decisions is proven by the fact that a key value like trust, that is typically exchanged in argumentative interaction (Rigotti 1998), also constitutes the substance of financial reality. Not coincidentally, *trustworthiness* is a fundamental value at stake in financial decisions, especially when the interaction involves as decision-makers laypeople who, not being experts of financial concepts and mechanisms, must, for this reason, *entrust* decisions about their wealth to expert financial managers, both institutional intermediaries and private advisors (cf. Cottier and Palmieri 2008). For all these experts, argumentation represents an instrument for building, maintaining and also restoring their trustworthiness in front of the market participants (investors, clients, regulators, etc...) and the society in general, including political authority as well as citizens and households, who, by the way, are also savers and investors. The current crisis, not by chance often described as a crisis of trust (cf. de la Dehesa 2008; Bernake 2009; Palmieri 2009), is showing very clearly how crucial reputation, reliability and trustworthiness are for entrepreneurs, and companies in general, in order to convince investors to finance their business activities and for intermediaries to show the reliability of their financial strategies.

However, trust does not represent the only concern of financial argumentation: beyond the construction of trust or the assessment of trustworthiness, financial decision-making involves numerous other argumentative strategies, like the feasibility of a project in terms of internal constitutive rationality, or in terms of compatibility with conditions established by the context, and even compliance with juridical norms and moral values; the expediency of a proposal in terms of realization of the interests and goals of the stakeholders; the comparison with alternative economic activities.

In the present paper we address financial argumentation by focusing on a significant example, a complex argumentation recently advanced by an outstanding German entrepreneur in a particular circumstance that, in several aspects, is typically bound to the current financial and economical crisis. It is, in fact, an intervention related to the automobile industry, one of the sectors most harmed by the current crisis, which discusses a measure – integration through merger of previously independent companies – that is frequently adopted in order to improve the conditions of troubled companies, which, by remaining alone, would not ensure their competitiveness or even compromise their existence. Now, because of the competitive nature of markets, a measure that might represent an opportunity for one, is expected to represent a threat for the other. In this connection, counter-measures may be considered or neglected by competing companies in order to defend their position within the market.

In what follows we work out the reconstruction and evaluation of this argumentation. The argument schemes (or *loci*) emerging from this reconstruction are analyzed and some of them are evaluated. The evaluation is accomplished by verifying the respect of the applicability conditions imposed by the maxim, which is the inferential connection implicitly linking the argument and the standpoint. Indeed, this kind of assessment represents a useful instrument for determining the quality of the reasoning processes grounding financial decisions.

Our analysis makes use of the *Argumentum Model of Topics* (AMT), set up in our Institute of Linguistics and Semiotics, University of Lugano, in particular by Eddo Rigotti and Sara Greco-Morasso (see Rigotti 2006, 2008, 2009, Rigotti & Greco-Morasso 2006, 2009, forthcoming). After accomplishing an analytical

overview (van Eemeren, Grootendorst, Jacobs & Jackson 1993), we propose, following AMT, an integrated representation of the argument structure, which makes explicit all the premises necessary for justifying the passage from the argument to the standpoint.

## 2. The story

On the 12<sup>th</sup> of May 2009, during the presentation of the new VW Polo in Olbia (Italy), Ferdinand Piëch,<sup>3</sup> Chairman of the VW's Supervisory Board, was asked for his opinion in relation to the possible combination of its competitor Opel with Fiat and Chrysler and its possible implications for VW. Piëch's reply was reported by different sources. Here we report a passage taken from the Manager Magazin Online:<sup>4</sup>

Piëch äußerte sich gelassen zu einem möglichen Bündnis von Fiat, Opel und Chrysler. Schon bei Volkswagen und Audi habe es etwa 15 Jahre gebraucht, aus den beiden Unternehmen einen integrierten Konzern zu schmieden, sagte Piëch. Daher mache er sich keine Sorgen über die sich anbahnende Allianz. "Zwei Kranke in einem Doppelbett oder gar drei geben noch keinen Gesunden. Ich bin sicher, dass die, die im Moment über Zusammenschlüsse nachdenken, keine 15 Jahre Zeit haben". [...] Piëch warnte, die unterschiedlichen Unternehmenskulturen könnten ein Hindernis für eine erfolgreiche Allianz sein.

*Translation: Piëch replied relaxed to a possible alliance between Fiat, Opel and Chrysler. Already in the combination of Volkswagen and Audi about 15 years were necessary in order to forge the two companies into an integrated group, Piëch said. Therefore, he is not worried about the impending alliance: "Two sick people in a double bed, or even three ones, don't make one healthy person. I am sure, that those who are now thinking to merge, have not 15 years at their disposal". The different corporate cultures may represent an obstacle to a successful alliance, Piëch warned.*

A passage of this text presented a particular communicative strength and not surprisingly was reported by numerous press agencies in numerous languages. We start, in our analysis, from it, as reported below:

*"Two sick people in a double bed, or even three ones, don't make one healthy person"*

The reasoning apparently developed in this passage by Piëch belongs to *action-related* argumentation, or practical reasoning (Walton 1990, 2005b, 2007a, 2009a; Rigotti 2008). The standpoint can be formulated as "The project of creating a solid company by combining Fiat-Opel-Chrysler is unfeasible. The following inferential procedure would be activated:

- (A) If the project of an action is based on factors incompatible with the intended purpose, it is unfeasible.
- (B) The project of combining Fiat-Opel-Chrysler in order to create a solid company is based on factors incompatible with the purpose.
- (C) The project of combining Fiat-Opel-Chrysler in order to create a solid company is unfeasible.

The passage reported above ("two sick people...") would be intended to justify the minor premise B: "The project of combining Fiat-Opel-Chrysler is based on factors incompatible with the purpose of creating a solid company". Piëch shows to adopt an argument from analogy even though the inferential procedure looks rather obscure and is clearly questionable. In order to evaluate analogical reasoning, for example, by means of critical questions (cf. Walton 2005a, Christopher-Guerra 2008), the first question that should be made concerns the real similarity of the two compared realities, namely physical sickness and corporate financial troubles.

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<sup>3</sup> Ferdinand Karl Piëch is Chairman and former CEO of Volkswagen and is one of the largest shareholders of Porsche. He is the grandson of Ferdinand Porsche, founder of the homonymous automobile company and designer of the popular VW Beetle. Piëch won the award of Car Executive of the Century in 1999. In 2009, he succeeded in combining VW and Porsche through merger, after defeating the opposition by Porsche top managers, concluding in this way a long controversy that has strongly involved the German public opinion.

<sup>4</sup> "Piëch brüskiert Wiedeking", URL: [www.manager-magazin.de/unternehmen/artikel/0,2828,624192,00.html](http://www.manager-magazin.de/unternehmen/artikel/0,2828,624192,00.html). Last visit: August 4, 2009.

Indeed, very often, financial/economic crisis as well as political and social crisis, are read in terms of illness, of disease, where the patients correspond to the concerned contexts in trouble – ranging from the market to the country, from the industrial sector to single firms – and the failure of these organizations is frequently identified with their death<sup>5</sup>. It is worthwhile here to quote an article dealing with well-known financial failures, written by one of the leading scholars in financial economics:

“In finance, as in pathology, we can learn more from failure than from success. This lecture examines three famous financial failures, Metallgesellschaft’s oil futures business, LTCM and related hedge fund failures, and the current travails of ENRON, and performs a post mortem on each to see what can be learned. Not surprisingly, the cause of death was similar in each case, or, to put it more familiarly, history always repeats itself” (Ross 2002: 9-27).

It is indeed a case of partial and not total similarity (which could occur only in cases of proper isomorphism); in such cases, there are some aspects (properties) for which the analogical principle does work and some other aspects for which it does not work<sup>6</sup>. For example, if one says that the European Union is like a family, then we can reasonably conclude that, as in family brothers are expected to help each other, in the European Union too member States are expected to help each other. But, from the fact that in family, along the time, all members get old and die, we could not come to the conclusion that the member states of the European Union are also expected to get old and die.

But this reasoning suffers from another, more trivial, logical vice: in exploiting the physical illness/financial trouble comparison, he refers to a wholly improbable scenario presupposing that, if two or three healthy people are in the same bed, they would make a healthy individual. In other words, the state of affairs of the pathological context from which conclusions regarding the actual financial context should be inferred is in itself not capable of making sense.

### 3. Activating the principle of charity for a maximally argumentative reconstruction

In a more charitable and comprehensive interpretation, Piëch’s reasoning can be reconstructed as a metaphorical presentation of an argument from the parts to the whole directly, concerning the economic-financial context. Thus, we can translate this reasoning as follows:

Two sick people in a double bed, or even three ones, don’t make one healthy person =

**The combination of two or three troubled companies cannot produce but a troubled company.**

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<sup>5</sup> Rare manifestations of disagreement about the large use the quasi-medical reading of social crises in terms of illness appear also in commentaries made by illustrious columnists of the financial press. For example, consider the opinion presented by Paul Ingrassia – specialist in the car industry and winner, in 1993, of the Pulitzer Prize for Beat Reporting – about the trouble of Detroit’s big three automakers, in which the identification of the companies’ possible bankruptcy with their death was strongly criticized (as bankruptcy would have given the opportunity to restructure the companies in a substantial way). In this case it is clear that human death would not be totally analogous to corporate failure (see “The Auto Makers Are Already Bankrupt”, WSJE, Nov. 21, 2008).

<sup>6</sup> Walton & Macagno (2009:158) discuss the argument from analogy by remarking that “two subjects can be considered analogous even though they are completely different, provided that the two subjects can be subsumed under a common functional genus”. In our opinion, we can speak of functional genus when the two concerned subjects, though for many aspects thoroughly divergent, feature the same properties in relation to the issue at stake. In this respect, another argumentation developed in US automaker crisis represents indeed a case in point. An analogy between the Katrina hurricane in New Orleans and the automakers’ crisis in Detroit was exploited in order to justify the Federal Government’s aid for the latter. Both events should be interpreted as calamities (or “acts of God”: events not imputable to human responsibility). The following inferential connection (maxim) is activated in such type of reasoning: “If X presents a set of features also present in Y and justifying Z for Y, then Z is justified for X too”. In relation to this argumentation, if non-imputableness to human responsibility, seriousness and need for major support reasonably justified the Federal Government’s aid for Katrina, then they wholly justify the Government’s aid for Detroit automakers’ crisis. Not by chance, the arguer gathers within the same functional genus Katrina and the automakers’ crisis, as different species of hurricanes, distinguishing natural and economic hurricanes. This reasoning can assume a presumptive nature in relation to the questionable nature of the endoxon implementing the maxim: indeed, it is far from being ascertained that the automakers’ crisis is not imputable to any human responsibility. Following a critical commentator like Paul Ingrassia, “Hurricane Katrina was an act of God. The car crisis is an act of man” (see “The Auto Makers Are Already Bankrupt”, WSJE, Nov. 21, 2008).

Let us represent the essential ingredients of this argument with the Y-structure (see below) proposed by Rigotti within a recent re-elaboration of the ancient doctrine of Topics (see Rigotti 2006, 2009a&b; Rigotti & Greco 2006, 2009, forthcoming).

The reasoning procedure underlying the argumentation is developed on the right line, which starts from a maxim, i.e. an inferential connection generated by an ontological relation (locus), that activates a logical scheme leading, through a minor premise, to the final conclusion, the latter corresponding to the standpoint.

On the left line, we find the argument's material component, i.e. premises that must be shared by the co-arguers in order to ascertain the minor premise of the procedural line, and justify the final conclusion. Of course, only if the conditions imposed by the maxim are correctly applied by the material premises and these premises are true, the conclusion can be correctly drawn.

The minor premise is the result of a syllogistic procedure whose major and minor premises correspond to two specific types of material premises: the major premise represents an *endoxon*, i.e. is a statement based on an opinion generally accepted within a certain field of interaction (the financial system, a university, a country, etc...); the minor premise (not to be confused with the minor premise of the procedural component on the right side) is a *datum*, i.e. a factual assertion presented as specifically related to the particular situation of discussion.

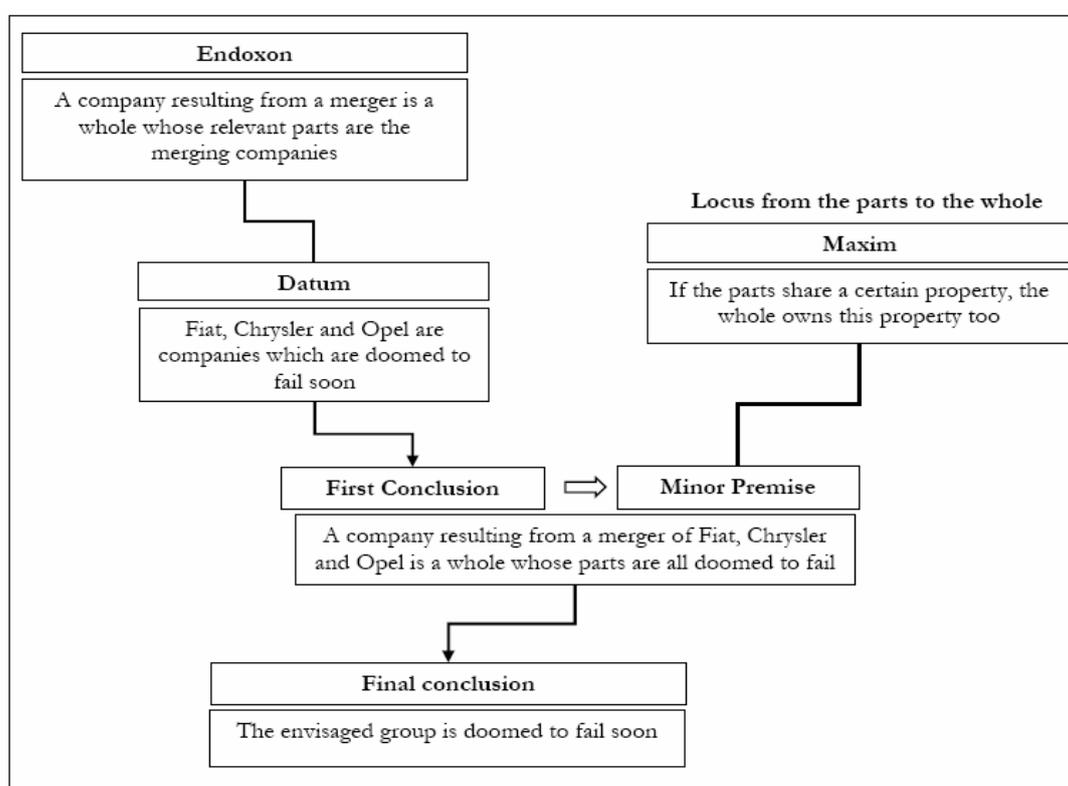


Figure 1: Argument analysis 1

Piëch's argument deals with the ontological relation of whole and parts: it involves the relation between a reality in its whole and its constituents. This ontological relation is called *locus from the parts to the whole* (*locus a partibus ad totum*)<sup>7</sup>. The maxim exploited by Piëch sounds as "if the parts share a certain property, the whole owns this property too". In order to conclude that the parts of the group Fiat-Chrysler-Opel will fail very soon, we need to know that in the business context a merger entails the consolidation of two or more companies (parts) into a single entity (whole) and recognize the fact – the *datum* – that the parts of the envisaged group, namely Fiat, Chrysler and Opel, are doomed to fail soon.

<sup>7</sup> Peter of Spain (*Summulae Logicales*, 5.7;5.14-5.23; in particular 5.14-5.18) distinguishes between *totum universale* and *totum integrale*; the *totum* concerned in the latter case is conceived as the result of an operation of integration in which the components, though pre-existing, do not necessarily maintain their original functional position. Consider, for example, the components of a car and, in general, of a machine, or the member states towards EU.

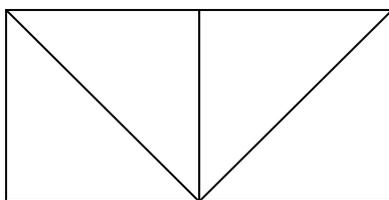
The Y-structure (so named because its form recalls that of the letter “y”) can be used not only for the reconstruction of the argument but also for its analysis and evaluation. Each box may be submitted to critical questions (cf. Walton 2005a, Christopher-Guerra 2008). The Y-structure allows a critical assessment of the argument’s whole soundness, inclusive of logical validity as well as relatedness to context and common ground information.

We should evaluate the validity of the inference at work by considering under what conditions the property of the parts can be transferred to the whole and vice versa. In this respect, van Eemeren and Grootendorst (1999) showed that the possibility of transferring properties is limited to structure-independent and non-relative properties, as the following table summarizes:

Transferable (+) and nontransferable (-) properties	structure-independent properties (2a)	structure-dependent properties (2b)
Absolute properties (1a)	red, white, blue, glass, iron, wooden (+)	round, rectangular, edible, poisonous (-)
Relative properties (1b)	heavy, small, light, big, fat, slim (-)	good, expansive, strong, poor (-)

(source: van Eemeren and Grootendorst 1999)

It is clear that relative properties cannot be transferred from the parts to the whole. For example, the fact that the parts of a hay bale (the blades of hay) are extremely light does not entail that the hay bale is light. In this case, the maxim stated above could not be applied and whoever invokes it, by saying that since the parts (the blades of hay) are light, the whole (the hay bale) is light too, would commit the so-called *fallacy of composition*. Analogously, the opposite reasoning is also invalid (*fallacy of division*). The evidence that a big dictionary is heavy does not entail that each single page of it is heavy too. Therefore, our maxim holds only for absolute properties, though not all of them allow a correct use of this logical connection. The property dealt with must also be structure-independent in order to ensure to our maxim its validity. Let us consider this figure (cf. van Eemeren & Garsen 2009):



The figure as a whole is doubtlessly a rectangle but it is composed of four right triangles. It is clear that the properties of the parts (being triangle) are not transferred to the whole, which is a rectangle. In conclusion, only absolute/structure-independent properties can be transferred from the parts to the whole, making in this way our maxim valid. Examples of this type of properties are colors (“if the parts are red, the whole is red”) or materials (if the legs and the board are wooden, the table is wooden)<sup>8</sup>.

Now, what is the property invoked by Piëch when he states the imprudence of the combination of Fiat, Opel and Chrysler? According to VW’s CEO, the financial sickness, the trouble, characterizing the three automakers will negatively determine the group resulting from the combination, which, still in Piëch’s view, is condemned to suffer. Thus, the property that would be transferred from the three automakers

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<sup>8</sup> There are also properties that seem to be transferrable from the parts to the whole but not vice versa, like for example, financial safety. The principle “if the financial instruments of a financial product are safe, the product is safe” states that the safety of the financial instruments is a sufficient condition for the safety of the financial product and must be distinguished from the wrong principle stating that *only if* the instruments are safe the product is safe. In the latter case we should, in fact, conclude that the safety of the product entails the safety of the instruments composing it, but, indeed, this is not the case. As mentioned by one of the reviewers, the typical investment strategy of diversification, investing in numerous not wholly correlated financial instruments, aims precisely at obtaining a product whose risk is significantly lower than that of some of the instruments. Since the financial safety of a financial instrument largely coincides with the reliability of its issuer, investing in several instruments mitigates risk because the inability to repay by the issuer of one instrument would be compensated with the repayment fulfilled by the issuer of another instrument.

(the parts) to the combined group (the whole) is *being in trouble*, or, following Piëch's medical metaphor, financial disease (unhealthiness).

At a first sight, it seems clear that if the members of a group are all in trouble, the whole will necessarily suffer. How can one person help another one to solve a problem if she suffers from exactly the same problem? In more concrete terms, if John and Jim can lift maximum 50kg each and this object weights 60kg, John cannot lift the object on behalf of Jim. However, John can certainly help Jim in lifting the object if the two combine their strengths and lift together the object. In this case, the physical weakness of the single men (the parts) is not transferred to the couple (the whole).

More interestingly, suppose that John can lift even 200 kg and he wants to move a table weighting 60 kg from his bedroom to the living room. Suppose also that the path from the bedroom to the living room is very twisted and requires manual abilities that John does not hold (to quote a well-known advertisement by Pirelli: "power is nothing without control") but Jane does. Jane, in her turn, cannot lift more than 40kg. It is immediately evident that John and Jane can strategically combine their respective skills (power and manual ability) in a synergic way.

Also, two blind individuals could hardly help each other in moving from one place to another but, a blind person and a deaf one might manage to do numerous things together, like Richard Pryor and Gene Wilder did in the funny movie "See no evil, hear no evil"<sup>9</sup>.

This situation is analogous to the world of corporate mergers. Mergers, in fact, are intended to create synergies and more in general to exploit the particular strengths of the companies involved so that the resulting new company is more valuable and profitable than the sum of the companies' standalone value (2+2=5). In this case only the combination of single components can produce an efficient whole. But, of course, every business combination turns the risk of destroying value rather than creating it (cf. Bruner 2005).

Therefore, it should be established whether the Fiat-Opel/Chrysler combination is potentially able to create synergy or not. The Fiat-Chrysler alliance has been motivated by this existence of this potential. The idea behind the combination is that Chrysler, which without the strategic alliance with Fiat would have gone bankruptcy,<sup>10</sup> might improve the quality of its products by exploiting Fiat's technology, while Fiat, beside getting part of the US bailout injection, might have the opportunity to expand its business overseas, in the USA. However, we don't have information for establishing where the expected synergies from the alliance with Opel would come from. Indeed, this is exactly the point that Piëch seems to insist on when he says that:

*"die unterschiedlichen Unternehmenskulturen könnten ein Hindernis für eine erfolgreiche Allianz sein".*  
[*"the different corporate cultures may represent an obstacle to a successful alliance"*]

The statement by Piëch refers indeed to a typical and recurrent problem in all mergers, especially when decisions concern cross-border mergers. More particularly, past experience shows a peculiar relevance of this issue in the German context.<sup>11</sup>

The argument relying on differences in the corporate culture, though not having absolute validity, is by the way relevant. The ontology of cooperation, with the conditions for the construction of cooperation, is referred to (see figure below): the effectiveness of the combination of different systems of knowledge

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<sup>9</sup> Another similar example comes from the 11 Oscar-awarded movie Ben-Hur. When Judah Ben-Hur makes his return from the galleys, he finds Simonides, his old loyal steward, who was imprisoned and beaten so much that he lost the use of his legs. Simonides lives with Mulluch, a dumb man met in jail. Seeing Ben-Hur worried for his conditions, Simonides ensures him:

*I am twice the man I was [...] and Mulluch were released the same day. Since then I have been his tongue and he has been my legs. Together we make a considerable man!*

<sup>10</sup> At the beginning of 2009 Chrysler was near to bankruptcy and desperately needed a government bailout in order to survive. The US government decided to grant the financing at the condition that Chrysler accepted the deal with Fiat. The deal foresaw a common strategic plan and the immediate purchase by Fiat of a 35% stake in Chrysler, which in the future could increase toward a controlling ownership.

<sup>11</sup> It is worthy to recall, in this relation, the controversy that accompanied the Vodafone-Mannesmann's takeover [1999-2000], bound to the typically German principle of co-determination (*Mitbestimmung*) (cf. Nowak 2001; Höpner & Jackson 2001/2006).

and technology regarding a reasonable management of the causal chain and, more importantly, the compatibility (entailing non competitiveness) of goals (vision and mission).<sup>12</sup>

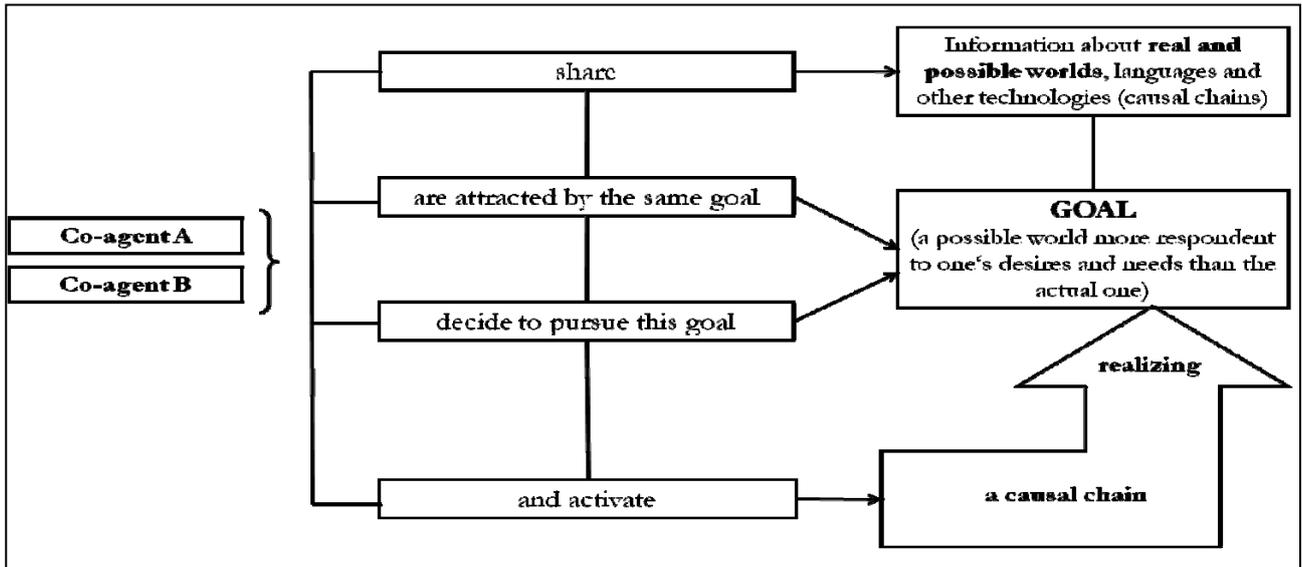


Figure 2: Ontology of cooperation

In his argumentation supporting the standpoint of imprudence of this alliance bound to the impossibility of success, Piëch eventually develops another complex argument: VW's experience of merger with Audi (*locus from example*) shows that a long time (15 years) is taken in order to realize a successful merger. Now, according to Piëch, the involved companies have not this time at their disposal because their diseases and their cultures' incompatibility will kill them out sooner (*locus from time*). In other words, their unhealthiness and their intrinsic differences are an insuperable obstacle to endurance, which is necessary for realizing a successful integration leading to a competitive company.

#### 4. Integrating the argument scheme into the argument structure

We see that numerous arguments are advanced by Piëch. It is thus expedient at this point to make an analytical overview of the argumentative interaction in order to clarify the function of each of the advanced arguments and how these arguments are organized for supporting the arguer's standpoint. According to van Eemeren, et al. (1993), in order to reconstruct a text as an argumentative discussion, the analyst has to identify:

- the issue under discussion,
- the parties involved in the critical discussion – in terms of protagonist and antagonist – and their standpoint in relation to the issue,
- the arguments advanced in support of the standpoint,
- the structure in which the arguments are organized.

In the case discussed by this paper, the issue concerns the potential threat that the possible Fiat-Chrysler-Opel alliance would represent for VW (and Piëch). Piëch is clearly the protagonist of the standpoint that a Fiat-Chrysler-Opel alliance would not be a threat for VW, which is equivalent to say that *Fiat-Chrysler-Opel will not become competitive*. We could consider the journalists, and the public opinion more generally, as antagonists who virtually cast doubts about this view. By accepting to reply the question, Piëch is acknowledging the existence of the issue and assumes the burden of proving his specific position.

<sup>12</sup> The activation of a causal chain brings about the transition of a possible world into a real one. As one of the reviewers remarks, the co-agents activate in the causal chain those items of shared information and those shared technologies that are requested for the realization of the pursued goal.

Following the method suggested by Pragma-Dialectics (cf. van Eemeren, Grootendorst & Snoeck Henkemans 2002), the following figure represents the argument structure showing which arguments support the standpoint and how these arguments are organized and combined in order to accomplish this task (see also Snoeck Henkemans 1997).

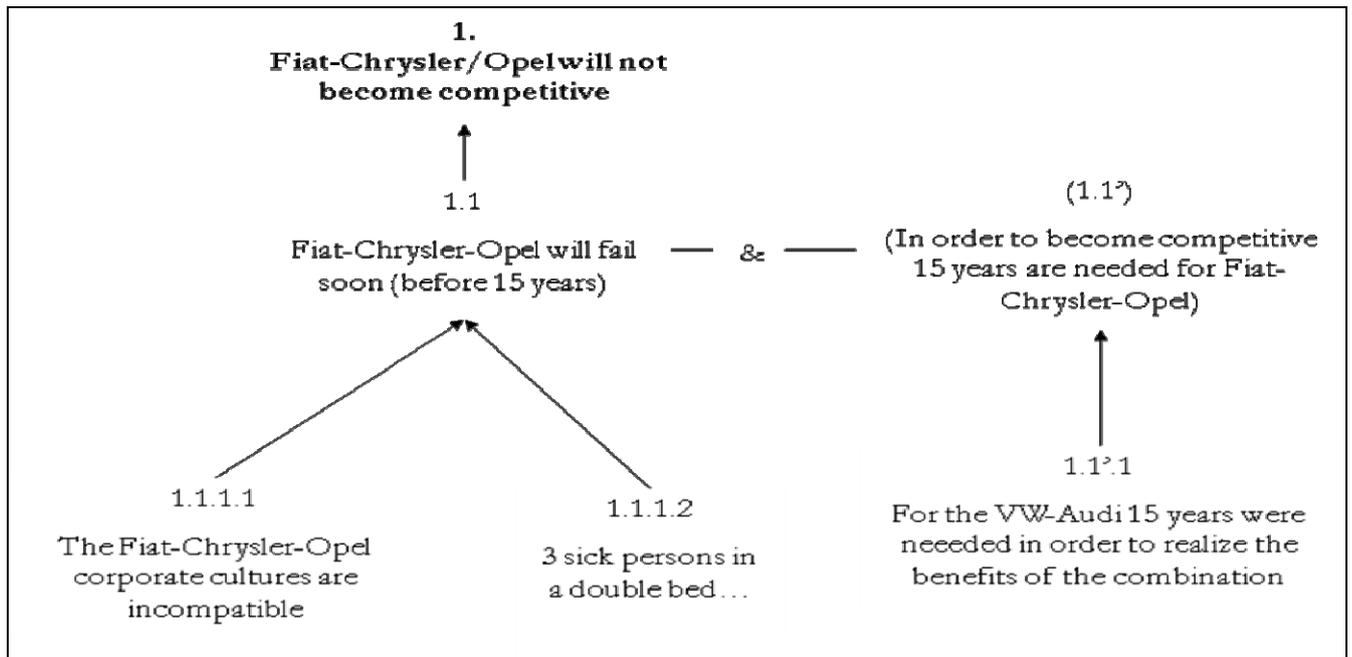


Figure 3: Argument structure

As previously mentioned, the main reason given in support of this claim is that the envisaged group will not endure enough time to become competitive. Thus, a *locus from time* grounds the standpoint at the first layer. This argument, however, presupposes that:

1. a period of 15 years is required for creating a competitive group from a merger
2. Fiat-Chrysler-Opel have not this time at their disposal because they will fail soon.

The acceptability of the two statements is not taken for granted by Piëch who advances further reasons in order to prove each of them. Thus, as the figure shows, a second layer of argumentation must be introduced.

The argument belonging to the *locus from time*, directly subordinated to the standpoint, is reconstructed in figure 4 through the Y-structure proposed in the AMT.

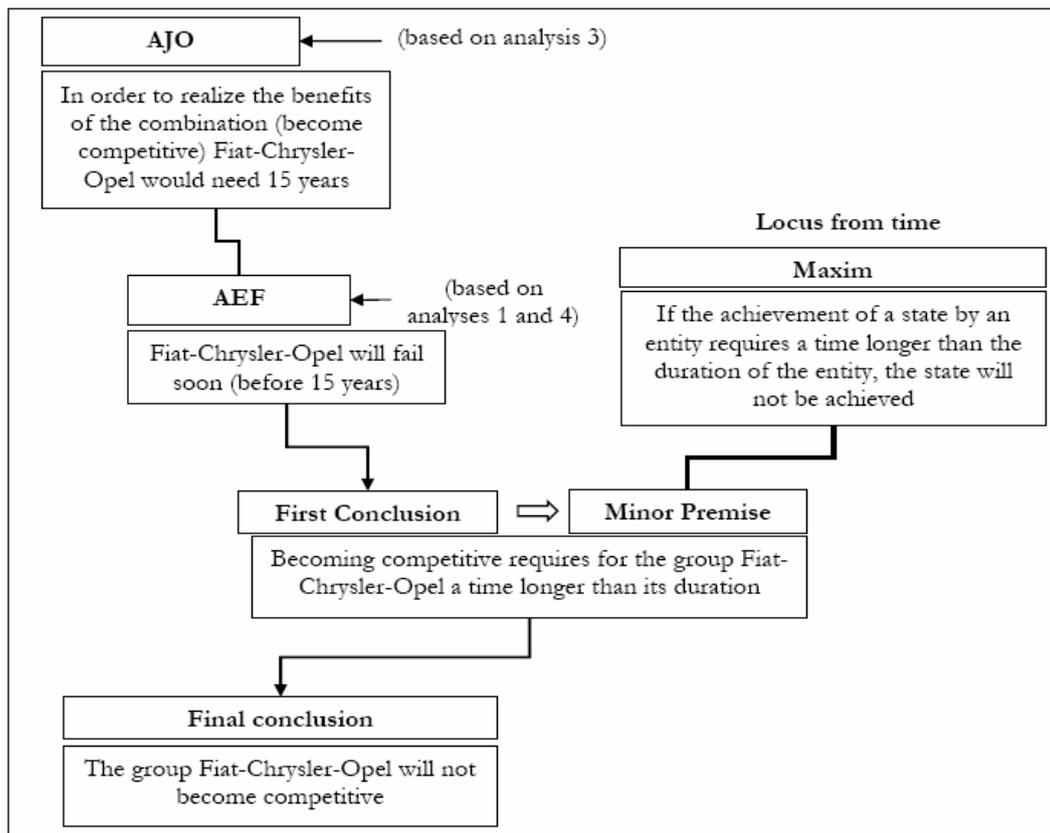


Figure 4: Argument analysis 2

As said, VW's Chairman did not limit himself to this move but committed himself to ground both the endoxon and the datum. Therefore, it is not properly adequate to speak of *endoxon* – which, being by definition already shared, at least in the arguer's views, needs not to be proved – and of *datum* – which is by definition a piece of evidence. They instead represent an *argumentatively justified opinion* (AJO) and an *argumentatively established fact* (AEF) respectively. In this way, they become sub-standpoints, which require further arguments in order to be accepted.

The major premise, stating that a period of 15 years is needed in order to create a competitive combined company, is justified through an example of the VW-Audi combination, whose Y-reconstruction is reported below (argument analysis 3, Figure 5). However, the reference to a single example is capable of showing that something is possible, not that something will necessarily take place.

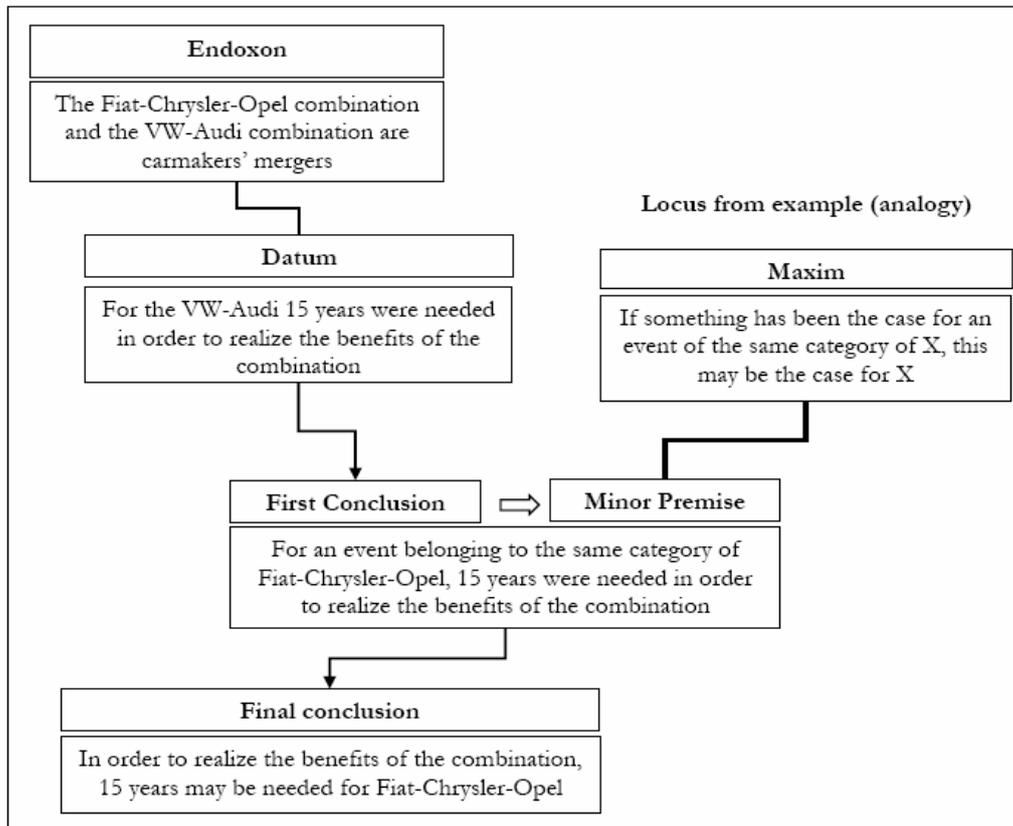


Figure 5: Argument analysis 3

The minor premise is certainly the most critical point. Piëch, in fact, proposes a multiple argumentation intending to show that the combined group will fail before 15 years. We speak of multiple argumentation (van Eemeren, Grootendorst & Snoeck Henkemans 2002; Snoeck Henkemans 1997, 2000) when more than one argument is put forth in support of the standpoint and these arguments are independent from each other, meaning that each of them could individually support the standpoint. This does not mean that the individual argument is sound but only that it works regardless of the others, i.e. there is no strategic combination but only an addition of reasons. We speak of coordinative argumentation when the conjunction of two or more arguments supports the standpoint<sup>13</sup> (For instance if I say that investors must prefer stock A to stock B because A has a higher expected return and because A is less risky than B. In fact, looking at the higher expected return is not a sufficient criterion for a rational investment decision as the level of uncertainty (risk) bound to this return must be considered as well).

In our case, the two arguments concern the bad state of the three companies that would be transferred to the whole combined group (argument analysis 1, Figure 1) and the incompatibility of the respective corporate cultures (argument analysis 4, Figure 6). Both invoke the locus from the parts to the whole, though activating two different maxims generated by it.

The argument based on the difference of corporate cultures is not at all trivial, even though it presupposes an *endoxon* – a sort of absolute incompatibility between Italian, American and German corporate cultures – that might be questioned. A huge literature studying post-merger integration argues that the differences in corporate culture, if not adequately tackled, can strongly prevent the realization of the prospected benefits. These considerations highlight the importance, beyond shareholders and

<sup>13</sup> For a systematic treatment on the difference between multiple and coordinative argumentation, see Snoeck Henkemans (1997).

managers, of other corporate stakeholders, such as employees and customers (Bastien 1992; Cartwright & Cooper 1993).<sup>14</sup>

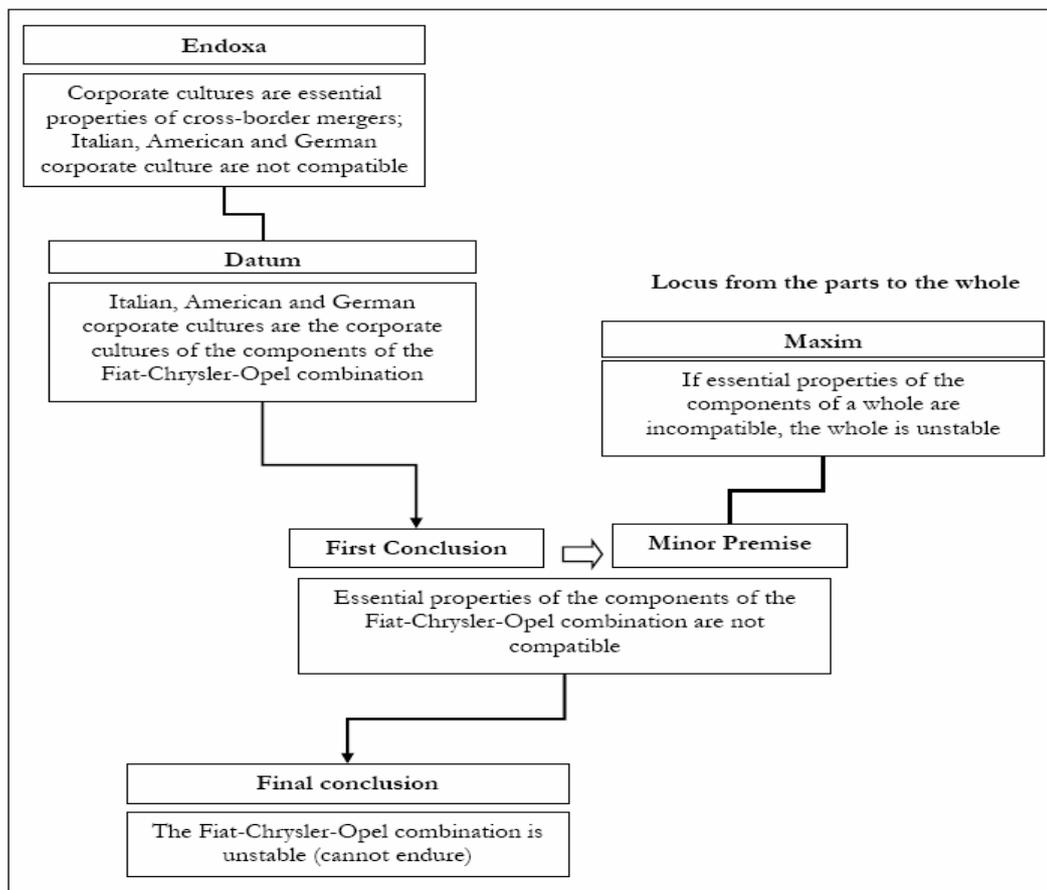


Figure 6: Argument analysis 4

The four y-structured arguments can be intersected, producing the following complex figure that summarizes the whole argumentative organization of Piëch's speech. This figure recovers the argument structure, maintaining the explicit formulation of the single arguments and all their relevant premises:

<sup>14</sup> The role of stakeholders in corporate mergers varies across countries. In Europe, and in particular in Germany (see note 11), where companies are governed by the principle of co-determination, the influence of stakeholders seems to play a more relevant role (cf. DeGeorge & Maug (2008) for a review of European corporate finance).

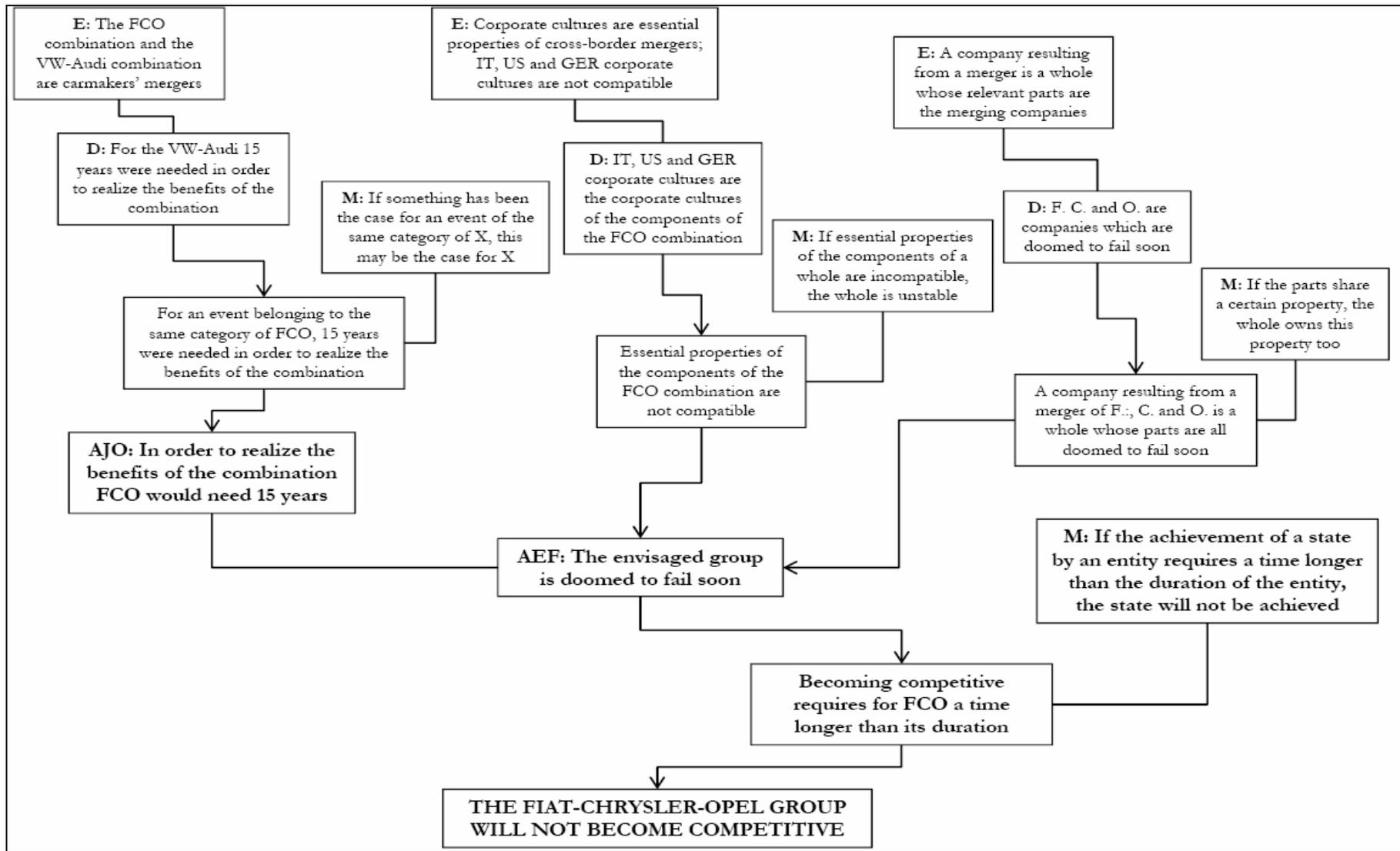


Figure 7. combined Y-structure

## 5. Concluding remarks

This paper has illustrated the reconstruction and evaluation of a complex argumentation developed within a specific social context.

Figure 7 represents a first attempt to integrate the reconstruction of the argument structure with the reconstruction of the argument scheme proposed by AMT. This relation should be specified more in detail; in particular we should verify the hypothesis that the argument structure only indicates the conjunction of two material starting points, which the AMT identifies as endoxon and datum, whereas the underlying maxim is in general left implicit, though representing an essential component of the inferential structure of argument.

It should be verified whether the *loci* identified by the analysis of this specific case study – or at least some of them – are characteristic of other similar argumentations belonging to the economic-financial context. The *locus from analogy*, for example, seems to be frequent in financial argumentation (but also the *appeal to expert opinion*, especially in the banking context). The typical decision-making concerning a certain investment is often based, among several factors, on the performance of *similar* investment strategies, or on the past performance of the *same* investment strategy. To what extent information on the past can help predicting the future is object of strong debates in financial theory, dividing in particular those who support the efficient market hypothesis from those who question this view and propose a behavioural approach to explain financial decision-making<sup>15</sup>. In any case, the analysis of this kind of argument also in its verbal manifestation (and not only in its mathematical modelling) can contribute in understanding how financial reasoning typically works and, when fallacies emerge from the study of financial failures<sup>16</sup>, may explain more precisely the causes of such unsuccessful – and often damaging – business activities.

The realm of finance is often wrongly reduced to figures and charts, overlooking the fact that economics is a social science dealing with a typically human activity, and that financial decisions are taken by people who do not process formal data like machines, but reason through concepts belonging to ordinary language. Dramatic events, like the current crisis, always remind us this aspect and – why not – suggest that the understanding of finance and the realization of financial activities may improve through the integration of argumentation both at the theoretical and practical levels. Of course, the path toward this objective is still very long.

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<sup>15</sup> The Efficient Market Hypothesis (see Fama 1967/1970) argues that securities' market prices fully reflect all available information. If this hypothesis is true, using information on past events for making profit would be useless because, in an efficient market, the price of the concerned asset would have already included this information. The EMH is based on some strong assumptions, stating in particular that investors are fully rational and that information at their disposal is complete, perfect and symmetric. Since 1970s, the EMH started to be questioned by the *behavioural finance* approach, which proposes models for financial decision-making in which the EMH's extreme assumptions are relaxed (cf. Shleifer 2000). The controversy within the financial literature is still open and today there is not yet definitive agreement about market (in)efficiency.

<sup>16</sup> Some initial indications in this direction have emerged from the study of real cases like the bankruptcy of Enron (Palmieri, C. 2007); the sale of illegal financial products by an Italian bank (Palmieri, R. 2006); and the well-known failure of LTCM (see Rigotti & Palmieri, Financial argumentation 2009. Argumentum elearning module. [www.argumentum.ch](http://www.argumentum.ch)). A lack of reasonableness, understood in particular as an approach to reality that exceeds mere rationality and takes into account all the relevant factors and the concreteness of the situation (cf. Rigotti and Greco 2009; Rigotti, Rocci, Greco 2006), is typical of these financial debacles. Behind this seems to lie a dangerous view of human rationality, reduced to maximization of own wealth and blind application of abstract models for resolving problems (cf. Martini, Rigotti, Palmieri 2008).

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