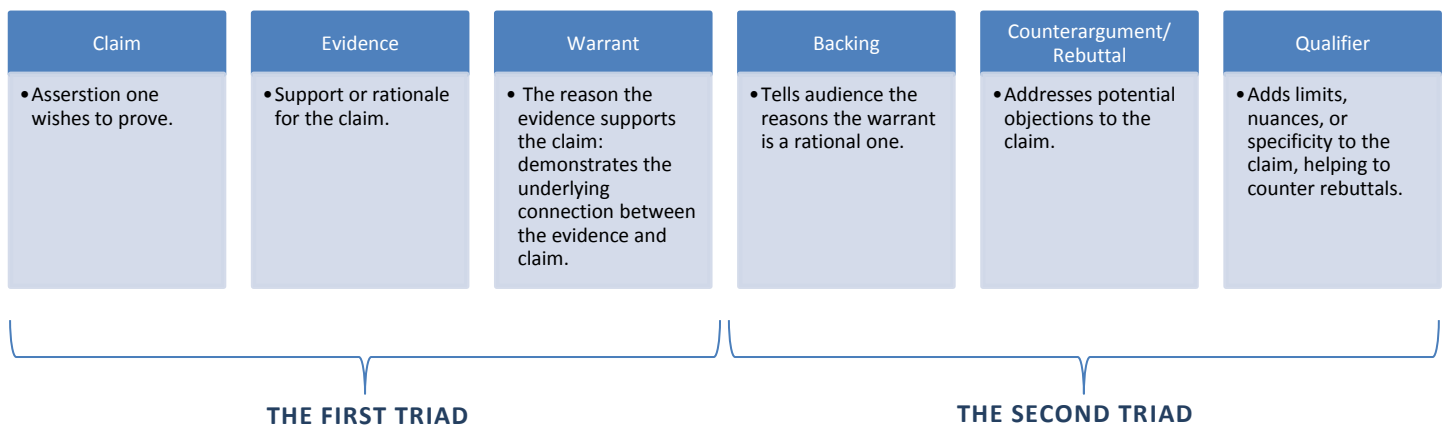


THE TOULMIN MODEL OF ARGUMENTATION

The Toulmin Model of Argumentation, named after British philosopher Stephen Toulmin, provides an organizational structure for constructing critical and persuasive arguments, specifically for situations where there are no clear-cut right answers. This method involves six basic components that weigh and support the pros and cons relative to an argument. By applying the model, an argument is more reliable, credible, less susceptible to rebuttals, and in general more efficient and effective. Thus, the model is useful for ensuring arguments in written documents or presentations are structured logically; but it does not provide guidance needed to integrate your arguments into essays, broader case analyses, or slide shows. This is an art you can develop with experience.

Basic Six Components



THE FIRST TRIAD: A CLOSER LOOK

THE CLAIM

A **claim** is the point an arguer is trying to make or the assertion one wishes to prove. In other words, the claim is the proposition an arguer wants someone else to accept. Simply put, ask yourself, “What is my main point?”

There are three types of claims:

- 1. Fact Based Claim:** Claim that focuses on empirically verifiable phenomena (through direct observation, experimentation, or other data-supported research).
Examples: (1) There are more billionaires in New York State than in the rest of North America. (2) US GAAP standards are a growing cost burden to multinational corporations.¹
- 2. Judgment and Value Claim:** Claim involving opinions, attitudes, and subjective evaluations.
Examples: (1) Mozart is the best composer of all time. (2) The United States use of US GAAP creates substantial problems and difficulties for investors who wish to make international financial comparisons.
- 3. Policy Based Claim:** Claim advocating courses of action that should be taken.
Examples: (1) The United States Treasury should quit producing and distributing pennies. (2) The United States should implement International Financial Reporting Standards (IFRS) and phase out US GAAP in order to make financial comparisons across countries easier.

THE EVIDENCE

The **evidence** provides support and rationale for the claim. Ask yourself, “What is my proof?” Evidence may consist of, but is not limited to, statistics, quotations, reports, findings, physical evidence, or other forms of data or reasoning (including sub-arguments consistent with the Toulmin Model). While some components in the Toulmin Model can be left out of an argument or implied without being explicitly stated, evidence must always be included and explicitly stated.

In accounting, ratios and data from companies’ financial reports often serve as primary evidence. You may also use information from multiple sources: industry analysts’ reports, media reports, other company disclosures such as conference calls, authoritative guidance on GAAP standards, among other sources.

Example: According to a survey of 493 US-based investors, of the investors with a good understanding of IFRS, 50% would recommend companies prepare accounts under IFRS if given the option between IFRS and US GAAP.¹

THE WARRANT

The **warrant** serves as an underlying connection between the claim and evidence. That is, it suggests why the evidence supports the claim. Thus, a warrant is the chain of reasoning that connects the evidential support and rationale to the claim. Warrants are typically widely accepted as truths that apply to an extensive range of circumstances. They are a necessary component of a logical argument; but often there is no need to state them explicitly because they are implied by the context.

Example:

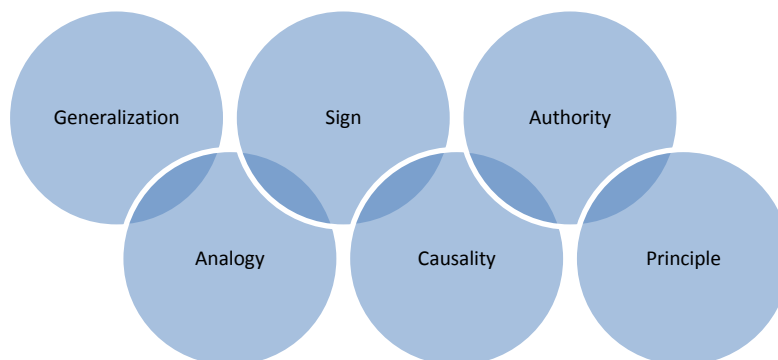
Claim: My neighbor’s car is on fire.

Evidence: There is smoke coming from my neighbor’s car.

Warrant: Where there is smoke, there must be fire.

Argument with implied warrant: There is smoke coming from my neighbor’s car, so it must be on fire.

There are six main strategies via which the relationship between evidence and claim are often established:



1. **Generalization Warrant:** Connects what is true for a representative sample to what is likely true for the population from which the sample was drawn.
2. **Sign Warrant:** Connects the evidence as a sign, clue, or symptom of the claim.
3. **Authority Warrant:** Connects the evidence to authoritative sources in support of the claim.
4. **Analogy Warrant:** Connects the evidence to the claim using analogies of similar relevant situations, events, or precedents.
5. **Causality Warrant:** Connects the evidence as being caused by or the result of the claim.
6. **Principle Warrant:** Connects the evidence to the claim as an application of a broader, relevant principle.

The argumentative strategies listed above are used at various levels of generality within an argument. Typically, they are interconnected and work in combination.

Example:

Claim: *To make financial statements across countries more comparable for investors, the United States should implement IFRS and phase out US GAAP.*

Evidence: *There are several situations where accounting under IFRS and US GAAP can differ significantly, including goodwill impairments and cost of sales.*

Causality warrant: *Standardizing accounting regulations across countries improves comparability by increasing the likelihood that similar activities are reported similarly.*

THE SECOND TRIAD

The Second Triad provides supplemental information for the First Triad. Although these components may be smaller in size, they are equally important in order to create a credible and less refutable argument.

THE BACKING

Backing is evidence supporting a warrant. It is similar to evidence supporting a claim: It can include statistics, quotations, reports, findings, physical evidence, or other data or reasoning. However, there is a big difference: evidence supporting a claim is a necessary component of a logical argument; but while backing can strengthen an argument, it is not a necessary component. This said, when backing is included it must be explicitly stated rather than implied.

Example:

Warrant: *Standardizing accounting regulations across countries improves comparability by increasing the likelihood that similar activities are reported similarly.*

Backing: *Over 113 countries world-wide have adopted IFRS including all of Europe.³ These countries have reported increased investing activities due to reducing the costs of comparing alternative investments and increasing the quality of information.²*

THE COUNTERARGUMENT AND REBUTTAL

The **counterargument** raises potential objections to the claim and the **rebuttal** mitigates these objections by suggesting reasons the counterargument is flawed or otherwise weakening its significance. Dealing with counterarguments and objections is thus a key part of the process of building arguments, refining them, interpreting and analyzing them.

Here are three types of counterarguments:⁴

1. Counter Toulmin Model arguments (either you or others have presented)
2. Propose separate arguments
3. Challenge definitions (proposed by others that are not universally accepted)

Example:

Claim: With regards to investor relations, the benefits (to adopters) of early IFRS adoption outweigh the costs.

Evidence: 59% of a representative sample of investors who understand IFRS believe that the new implementation would increase comparability of global financial reports.¹

Generalization warrant: Because the sample is representative, it's reasonable to conclude that a majority of investors who understand IFRS believe comparability of global reports would be improved if US companies implemented IFRS.

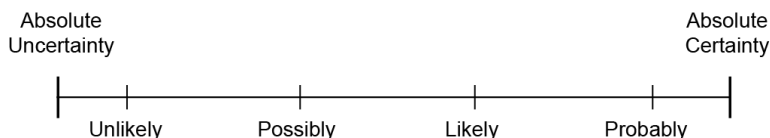
Principle warrant: Investors value comparability.

Counterargument: Awareness of IFRS is not high for the time being, and early adopters would incur significant costs explaining issues arising from different accounting treatments under IFRS and US GAAP to investors and analysts, which would be necessary to maintain good investor relations.

Rebuttal: Awareness of IFRS is not a significant problem for investors who follow early adopters. These adopters would be large US companies operating globally and competing with large global companies from other countries that report under IFRS. Analysts and many investors following the US companies would likely follow their competitors and thus already understand IFRS.

QUALIFIER

A **qualifier** limits the strength an arguer attributes to a claim. Qualifiers are usually associated with concerns about the soundness of evidence or warrants or the existence of valid counterarguments. Collectively, they convey how confident the arguer is in the claim, often by stating or implying the likelihood the claim is correct.⁵



For accounting arguments, for example, often you will need to make assumptions about the reliability of financial measurements and estimates or the absence of significant “off-balance sheet” assets or liabilities. By stating these limitations, your argument becomes more credible. Similarly, stating them early in a presentation, along with a brief assessment of the relative strengths of arguments and counterarguments you plan to discuss, will help the audience set expectations.

Example of opening remarks:

*Based on a thorough analysis of wide range of information I will identify later, I have concluded Smith Company **likely** outperformed its competitor Jones Company during the recent economic crisis. I will present three supporting arguments for this claim, two of which are very compelling, and two counterarguments. I will thoroughly refute one of the counterarguments; but I can't provide a reasonable rebuttal for the other, which lead me to downgrade the confidence I have in the claim to be likely correct.*

REFERENCES:

- ¹ "IFRS in the US: the investor's perspective," *Forbes Insights*, October 2012.
<http://www.accaglobal.com/content/dam/acca/global/PDF-technical/financial-reporting/pol-afb-iusip.pdf>
- ² "International Financial Reporting Standards." *Wikipedia: The Free Encyclopedia*.
http://en.wikipedia.org/wiki/International_Financial_Reporting_Standards
- ³ "AICPA IFRS Resources." http://www.ifrs.com/Backgrounder_Get_Ready.html
- ⁴ "Developing Counterarguments," Alexander Clarkson, <http://www.youtube.com/watch?v=Ct1NxH1ZnB0>
- ⁵ "The Toulmin Model: Second Triad," Keith Green, http://www.youtube.com/watch?v=-gRaC_vZiD8

ADDITIONAL RESOURCES:

VIDEOS

- "The Toulmin Model: First Triad," Keith Green, <http://www.youtube.com/watch?v=GRDYspT1u68>
- "The Toulmin Model: Warrants," Keith Green, <http://www.youtube.com/watch?v=bYDO75QNPPA>
- "The Toulmin Model: Second Triad," Keith Green, http://www.youtube.com/watch?v=-gRaC_vZiD8
- "The Toulmin Model of Argumentation," David Wright, <http://www.youtube.com/watch?v=D-YPPQztuOY>

ARTICLES

- "Stephen Toulmin." *Wikipedia: The Free Encyclopedia*. http://en.wikipedia.org/wiki/Stephen_Toulmin
- "The Toulmin Model of Argumentation." http://www-rohan.sdsu.edu/~digger/305/toulmin_model.htm
- "The Toulmin Model of Argumentation" <http://commfaculty.fullerton.edu/rqass/toulmin2.htm>

INTERACTIVE

- Identifying Components of the Model*. <http://writing2.richmond.edu/writing/wweb/toulminexercise.html>

EXERCISES:

- Navigating Accounting's Analysis Mini-Case Series using The Toulmin Model as a framework for critical thinking:***
<http://www.navigatingaccounting.com/exercise/exercises-critical-thinking-using-toulmin-model>