

[Cooperation works for humans, not competition](#) [1]

Written by [Tim Worstall](#) [2] | Friday 6 September 2013

This isn't as much of a breakthrough as the Mail thinks [I'm afraid](#) [3]:

Is 'survival of the fittest' finished? Scientists 'prove' that generosity - not selfishness - is the only way modern civilisation can survive

We've known for some years now that the correct solution to the [prisoners' dilemma](#) [4] is tit for tat: as long as the game is running in repeated iterations. And given that life is a repeating series of interactions with very much the same people this is thus the winning strategy in life. If someone cooperates with you then cooperate back: if they do you over then do them over back. We also know from the [ultimatum game](#) [5] that people will damage their own interests in order to enforce their vision of fairness. So there's no real surprise about the idea that cooperation works for human beings: we've seen both that in the way that life is actually lived it brings rewards and also that humans seem hard wired to punish those who do not.

Although this isn't really entirely true. For these games and studies have been done pretty much entirely with US students. That's the walking meat that most economists have unfettered access to after all. And we do find that when the same games are played with people from very different economies then the results are very different. Whether it is living in a cooperative society that changes the results or that the innate cooperation leads to the different society hasn't been worked out as yet.

However, as sure as eggs is eggs we're going to get someone writing a screed for The Guardian insisting that this finding shows that markets are all icky. You know the sort of thing, if humans naturally cooperate then we don't need all this competition stuff and so should have socialism under the guidance of the wise and all knowing. That group of wise and all knowing always, but always, including the writer and their friends. The problem with this argument being that markets are a form of cooperation.

Indeed, we can go further than that: it's this cooperation in repeated transactions plus the willingness to punish defaulters that actually makes markets work. Those replays of the two games in very different societies show that in generally non-market societies the results are different from those in market ones. And it is those very differences which make the whole idea of cooperating through markets work.

Thus, far from having found that we don't need markets because we naturally cooperate what we've actually found is that we have markets because we all naturally cooperate. Or rather, that those of us who live in market economies do, which is why our market economies work.

[blog comments powered by Disqus](#) [7]

Source URL: <http://www.adamsmith.org/blog/economics/cooperation-works-for-humans-not-competition>

Links:

[1] <http://www.adamsmith.org/blog/economics/cooperation-works-for-humans-not-competition>

[2] <http://www.adamsmith.org/taxonomy/term/5778>

[3] <http://www.dailymail.co.uk/sciencetech/article-2412101/Is-survival-fittest-finished-Scientists-prove-generosity-->

selfishness--way-modern-civilisation-survive.html

[4] http://en.wikipedia.org/wiki/Prisoner%27s_dilemma

[5] http://en.wikipedia.org/wiki/Ultimatum_game

[6] http://disqus.com/?ref_noscript

[7] <http://disqus.com>