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Co-operation: the Missing Element in Economics Textbooks

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Abstract

This paper examines, firstly, the representations of human nature found in first-year economics texts currently used in three south-east Queensland Universities. The inadequacies of these representations, and the problems that this poses for predominant economic theory, is then discussed and compared with what are argued to be the more complete accounts underlying co-operative theories in economics.

Introduction

Philip Maxwell's (1999) survey of the context and influence of American economics principles texts currently used in Australian first-year economics courses noted, amongst other things, the texts' 'weaknesses' for offshore markets in terms of their 'institutional and policy framework', which reflected a 'fall from fashion' of Keynesian, Marxian, insitutionalist, etc. philosophical perspectives in their country of origin. Typical of these texts, Maxwell argues, is N Gregory Mankiw's recently published and much-heralded *Principles of Economics*, whose format 'de-emphasises the keynesian model' (Maxwell 1999, pp. 121, 124, 128, 131). The present paper will argue that together with these texts' shortcomings is a conspicuous absence of concern with the complexities of human nature, or at least a demonstrably incomplete account of this element - an element which, after all, lies at the basis of all economic life.

Human Nature as Presented in Economics Texts

A perusal of some of the texts described by Maxwell confirms the latter impression. Jackson, McIver, McConnell and Brue's (1997) *Economics* - a later (5th) edition of the Jackson and McConnell (1980) volume described by Maxwell, and which is the first year economics text currently used at the

Queensland University of Technology¹ - has no entries under 'human' in the index or glossary except 'human capital' ('productive capacity of the labour force') and 'human resources'. Similarly, the otherwise in many ways excellent Mankiw, Gans and King's (1999) *Principles of Microeconomics* and Mankiw, Stonecash, Gans and King's (1999) *Principles of Macroeconomics*, which, together, appear to be Australian adaptations of the single volume described by Maxwell and which have just been adopted as first year economics texts at Griffith University, have only 'human capital' in their indices, besides 'human life, value of' in *Macroeconomics* - a reference to a costs/benefits exercise involving installation of traffic lights to replace a stop sign. John B. Taylor's (1998) *Economics* - the University of Queensland's current first-year text - likewise has no 'human' listing in the index except 'human capital.'

A closer scrutiny of these texts does, however, reveal certain assumptions concerning what might loosely be termed 'human nature'. All the abovementioned textbooks, except *Principles of Macroeconomics*, have discussions of game theory, and two at least (Taylor's and Mankiw, Gans and King's) allude to Robert Axelrod's (1984) findings concerning the behaviour of volunteers playing the prisoners' dilemma game. But whereas critics of reigning economic orthodoxy such as Paul Ormerod (1995) emphasize the *co-operative* aspect of Axelrod's findings ('People appear to co-operate far more frequently than the postulates of self-interested rational calculation allow' - see also more recent confirmations by Sainty [1999], among others), Taylor and Mankiw et al. prefer to highlight the 'tit-for-tat' side. Taylor also provides his own 'thought experiment' example of a game in which the players, though each would benefit from a co-operative strategy, choose a strategy which leads to the 'non-co-operative outcome'; and Mankiw et al, after leading the reader through the prisoners' dilemma game and other thought experiments involving oligopolistic behaviour and arms races, ask him/her to consider whether co-operative behaviour might not be 'difficult to maintain because co-operation is individually irrational'. In both oligopolies and arms races, Mankiw et al. inform the reader, 'the relentless logic of self-interest drives the participants toward a non-co-operative outcome that is worse for each party' (Mankiw, Gans and King 1999, pp. 343, 345).

¹I wish to express thanks to the staff of the Queensland University of Technology and the University of Queensland bookshops for showing me the first-year economics texts at these institutions. I also take this opportunity to thank Mr. Ray White, Assistant Registrar of Cooperatives at the Queensland Office of Fair Trading; Ruth Millington, Library Assistant, Co-operative College, Loughborough; David Burch; Mary Lee Connery; Robert Laurent; Doug Ogilvie; Kate Targett, Information Services Manager with the Plunkett Foundation, Oxford; Mr Dave Mitchell, Secretary, N.S.W. Sugar Milling Co-operative Ltd; and staff of the John Oxley Library, Brisbane, and Queensland State Archives for their assistance with this study.

Alternative Conceptions of Homo Economicus

Mankiw et al's account of human nature is in accord with a fundamental presupposition in current economic orthodoxy: the view that, as Ormerod (1995, p. 34) expresses it, 'society is made up of individuals acting on the rational calculation of their self-interest' - Rational Economic Man, or *Homo economicus*. Such a conception might be conveniently factored into economic models and computer programs, but does it adequately represent the human condition? Ormerod, at any rate, thinks not. Economists, Ormerod writes (1995, p. 9), 'might have a great deal to learn from sociologists', whose focus has usually been informed by the view that it is 'social and group norms rather than self-interest that drive behaviour.' But Ormerod is no social constructivist; he is aware of other arguments - that there might be innate, instinctive influences at work in human nature, such as in Adam Smith's *Theory of Moral Sentiments*. For Smith, according to Ormerod (1995, p. 13), there are 'propensities in human nature which incline us towards society, such as fellow-feeling and the desire both to obtain the approval of others and to be worthy of that approval.' Co-operation, in Ormerod's view, encapsulates this social dimension of the human condition which, 'in sharp contrast to the individualistic behavioural model of orthodox economics' stresses the 'fundamental interdependence and interconnectedness of human actions' (p. 35).

Ormerod's point is well taken, but could have been strengthened, I would argue, by reference to another author who also lays much stress on innate, instinctive propensities for sociality in human beings, and who also cites Adam Smith in support: Charles Darwin. Ormerod notes that the title of Robert Axelrod's book describing his prisoners' dilemma experiments is *The Evolution of Co-operation*, and while Ormerod does not mention Darwin's name anywhere, Axelrod, in his book, does. But it is very limited reference. There are no works by Darwin in Axelrod's bibliography, and four of the five listings under Darwin's name in the index in fact refer to a chapter written 'with' the biologist William Hamilton, a notoriously individualistic interpreter of Darwin and whose position is summed up in the last paragraph of the chapter ('The Evolution of Cooperation in Biological Systems') concerned: 'In this chapter Darwin's emphasis on individual advantage has been formalized in terms of game theory' (Axelrod 1984, p. 105).

It is true that Darwin does devote much attention to individual advantage in the 'struggle for existence' in his two most celebrated books, *The Origin of Species* and *The Descent of Man*, but this is only one dimension of his writing.

In *The Origin of Species* Darwin (nd, p. 52) cautions early in the book, under the sub-heading 'The Term, Struggle for Existence', 'I should premise that I use this term in a large and metaphorical sense, including dependence of one being on another', and much of the book is in fact about the evolutionary advantages of co-operative, *group* behaviour in various species. This theme is taken up with regard to *human* evolution in *The Descent of Man*, especially in Chapter 4 of this book, 'The Moral Sense'. Essentially Darwin's argument is that there are manifest survival benefits in collective action (for example, in the face of a common enemy - be it another group of the same species, or another species - and in collective food finding strategies) and that behavioural characteristics which contribute to such action are likely to be preserved (since the individuals possessing these characteristics are more likely to survive) and passed on to succeeding generations through natural selection. Also, in Darwin's view, fellow feeling, or 'sympathy' between members of an animal troop, pack, etc, and which prompt individuals to assist one another in times of danger, food shortage and so forth (Darwin gives numerous examples from his own observations and from those of other naturalists and travel writers) is further likely to be naturally selected.

Thus, for Darwin, humans - a pre-eminently social species - are likely to have inherited their co-operative propensities from pre-human ancestors, albeit modified as the case may be by culture. Under the sub-heading 'Man a Social Animal', Darwin summarises his position this way: 'The social animals which stand at the bottom of the scale are guided almost exclusively, and those which stand higher in the scale are largely guided, by special instincts in the aid which they give to the members of the same community ... Although man ... has no special instincts to tell him *how* to aid his fellow-men, *he still has the impulse*, and with his improved intellectual faculties would naturally be much guided in this respect by reason and experience' (Darwin, nd, p. 481, emphasis added).

In other words, rational calculation (it may be, for personal advantage) is only part of the story with humans. Sociality is part and parcel of human nature. Indeed, society could hardly function otherwise - as an increasing number of writers have emphasized in recent years. Social cohesion, as Michael Pusey (1991, p. 23) has argued, requires the bringing about of social relations 'in which mutuality predominates and satisfaction does not mean triumph of one over the repressed needs of the other'. Such a view is implicit in Darwin's conception of social evolution (human society *necessarily* entails such principles; humanity could not have survived otherwise); and the idea has been taken up by a number of social theorists since Darwin's time. One of the most

important early writers in this connection was Prince Kropotkin, who expanded Darwin's argument into a whole book, *Mutual Aid: A Factor of Evolution* (1902), which is cited, for example, in C.R. Fay's (1925) *Co-operation at Home and Abroad*, which the young J.M. Keynes read closely.² G.J. Holyoake, one of the founders of the co-operative movement in England, in his (1897) jubilee history of the Leeds Industrial Co-operative Society, also noted that Kropotkin (in an earlier series of articles in the *Nineteenth Century*) had 'shown that co-operators have much to learn from the animal world' (Holyoake 1897, p. 132).

Co-operation in Theory and Practice

Another founder of the co-operative movement, the Christian Socialist Charles Kingsley, also argued for a 'law of mutual help' in nature, as well as competition (Kingsley 1879, p. 198)³; and in an article in the British Co-operative Wholesale Society's *Annual* for 1888, the biologist Patrick Geddes argued that competition - that 'fundamental postulate of conventional economics' - was 'only half the truth', and that the required 'detailed correction of the theory of the survival of the fittest (from most individually competitive to most self-sacrificing and social)', in accordance with Darwin's writing, afforded a 'scientific basis for the co-operative and socialistic position in the widest (ie, altruistic) sense' (Geddes 1888, p. 293).

How well do such arguments hold up today? Co-operation as a specifically *economic* philosophy is currently out of fashion, as Ormerod notes. The word does not appear in the indices of any of the text books discussed above, and as seen, the idea is clearly at odds with the thinking of the authors of these volumes. Yet it is not so long ago that co-operation was a word frequently appearing in a business context, particularly in the rural sector. This was the sense of the word in which Fay was using it in the title of his book. Co-operatives were, and still are to a more limited degree, common ways of running a rural business in Australia, and there was once a strong co-operative sector in the retail trade in this country also. In Queensland, for example, there were 182 co-operative societies registered in 1965 *other than* producer co-operatives, of which 133 are described as Retail Distributive, Wholesale

²Keynes is acknowledged in the Preface to the first (1908) edition of this work for his help in reading and correcting the proofs.

³Kingsley, novelist and naturalist and an early supporter of Darwin (who sent him a pre-publication copy of *The origin of Species*) is the 'Parson Lot' in *The Christian Socialist: A Journal of Association* (1850-1), originals of which may be seen at the Co-operative College. Kingsley's importance in the early days of co-operation is acknowledged in Cole (1944) and Lambert (1963).

Distributive or Collective Buying societies (an example of the latter would be the Queensland 'Fruitgrowers' Co-operative Society Ltd.', which purchased fertilizers, packing cases etc. for growers directly from manufacturers at wholesale rates), with a combined membership of around 45,000 and sales of £9,397,403 (Kehoe 1965). The largest of these businesses appears to have been the Poultry Farmers' Co-operative Society Ltd.', trading as Red Comb, which had both producer and supplier divisions in poultry and other live-stock interests, and in the late 1950s and early 1960s was engaging in 'ever widening' activities, running an abattoir, a flour mill and a large department store in Brisbane selling everything from clothing to power boats.⁴ Registered in 1922, and with 18,000 members in 1962, Red Comb, as was so often to be the case with co-operatives (see Partridge 1996), became a target for takeover bids in the 1980s. In 1984 its registration was transferred to under the Queensland Companies Code as Red Comb Stock Feeds Ltd., its name later being changed to R.C.S. Holdings Ltd. and coming under the control of Lifeguard Insurance (Holdings) Ltd.⁵

The Golden Circle Cannery at Northgate, Brisbane, which is described in a Co-operative Federation of Queensland study manual (Kidston, C. 1963) as the 'Co-operative Cannery', is a slightly different case in that it was established (in 1946) by a semi-government body, the Committee of Direction of Fruit Marketing (C.O.D.), which was partly funded by a levy on fruit growers and whose control was vested in a number of grower-elected committees. The cannery was also, initially, partly funded (£126,000 out of £500,000) by subscription from some 900 pineapple growers who 'knew that [they] were more dependent upon canning for the disposal of [their] crops than any other Section of Queensland fruit growers' (Anon. 1951). This remained the pattern of the cannery's running until recent years (in 1963 for instance - when it was described as the largest fruit cannery in Australia, and possibly in the Southern Hemisphere [Anon. 1964] - it had 2,253 'grower subscribers', of whom over half were pineapple growers); however, in 1991 it registered as a Company (thus effectively taking control out of the hands of growers). The C.O.D. separated administratively from the cannery in 1964 and has since corporatised. Currently (September 1999) there are 195 producer and distributive co-operatives registered in Queensland, the largest being in the dairying and sugar industries: the Queensco-Unity Dairyfoods Co-operative Association Ltd. - an amalgam of smaller cooperatives, such as the Caboolture Co-operative Association Ltd., trading as Dairy Farmers - and the Mackay

⁴ See Anon, *The History of the Red Comb Group of Co-operative Enterprises* (Brisbane, nd, c.1962); Brisbane Telephone Directory, 1959, p.217; *Redcliffe Herald*, 19 January 1961; *Red Comb Co-operator*, 1962-3.

⁵Information supplied by Mr. Ray White.

Sugar Co-operative Association Ltd. (which runs five mills), for example, had gross revenues in 1998-9 of \$206,259,000 and \$454,395,000 respectively.⁶

Philosophically, at least in earlier years, Co-ops (to use their more familiar, shortened name) looked to the founding principles laid out in the writings of Kingsley, Kropotkin and others, and ultimately, it can be argued, to Darwin. In a paper read to the first annual conference of the Co-operative Union of Queensland in 1946, a Mr Spellacy noted that the co-operative movement in Queensland had arisen directly out of the ideals of the Rochedale Pioneers, Horace Plunkett (who modified the ideas of the industrial co-operative movement for agricultural co-operation), the Christian Socialists and others⁷ (the first co-operative store in Australia was in fact opened in Brisbane as early as 1859⁸), and an article in the *Red Comb Co-operator* for Jan-March 1963 (pp. 17-19) explains that then present-day co-operators' 'fathers and grandfathers sacrificed to create their Co-operatives in the days when the law of the survival of the fittest made mutual effort most essential' - a statement fully in accord with the arguments of Darwin and Geddes, above.

A case can be made, I would suggest, that the current ascendancy of free-market ideology owes as much to the collapse of command economies in the former Soviet Union and elsewhere as to any intellectually compelling arguments in support of the former. Certainly the 'open economy' has not delivered in terms of greater economic wellbeing for the majority of Australians (Pusey 1991; Carroll & Manne 1992), so perhaps the time has come to look again at alternative philosophies (see also Sharp 1999). Co-operation does not have all the answers, but its demonstrated success in some spheres, especially in certain types of farming and related business (notably dairying: there are currently 16 co-operatives with the words 'dairy', 'dairyfoods', 'milk', or 'butter' in their names registered in Queensland) possibly provides a 'third way' towards a more balanced and equitable economy. The particular attraction of co-operation lies in the fact that the profits remain in the hands of the producers (or users, in the case of distributive co-ops) themselves. As is explained in an information booklet prepared by the Queensland Government's Office of Fair Trading, which administers co-operatives in this state, a co-operative is a 'democratic organisation owned and controlled by the people it serves who join together

⁶Co-operatives Act 1997, List of Co-operatives by Name and Balance Sheet List (Queensland Office of Fair Trading, typescript, August 1999).

⁷'Co-operatives and Post-War Reconstruction', in *Report of the First Annual Conference of the Co-operative Union of Queensland* (Brisbane: Co-operative Union of Queensland, 1946), pp.23-33; Digby and Gorst (1957), chapter 3.

⁸Kidston (1959), p.3.

for a common benefit.⁹ All members have equal voting rights (one member, one vote), unlike in a listed company where majority shareholders make the decisions; and members are expected to play an active role in the co-op's affairs.¹⁰

And in some spheres of rural business at least - especially where linkages between farm produce and processing need to be maintained, as in the dairying,¹¹ some fruit growing, and sugar industries - co-ops have been conspicuously *successful*: that is why they have been takeover targets. The New South Wales Sugar Milling Co-operative Ltd. (which had gross sales of \$108, 080, 677 in 1996-7), for instance, formed in 1978 when a group of northern N.S.W. cane growers raised the money (with State Government help) to purchase the three century-old, loss-making C.S.R. mills at Broadwater, Condong and Harwood, and turned them into profitable concerns, was the subject of a takeover bid (from the Privest company) in the late 1980s, as was the Darling Downs Bacon Co-operative.¹² As I write this, Dairy Farmers is being offered a share deal from the Italian group Parmalat which would give the latter a 61 percent holding in the co-op, an offer described by Dairy Farmers' managing director Alan Tooth as 'both unsolicited and unwelcome' but which has nevertheless attracted some farmers (*Australian Financial Review*, 29 September 1999).

Further Philosophical Considerations

In any event, co-operation *per se* is surely a sounder principle on which to base society than conflict (the logical extension of competition) or coercion (as in a command economy). Notwithstanding economic co-operation's roots in Christian Socialism and Marx's (1909, p. 521) observation, in vol. III of *Capital*, that the 'co-operative factories' being established at his time of writing represented 'within the old form [of society] the beginnings of the

⁹Queensland Office of Fair Trading, *Co-operative Information* (booklet), p.4.

¹⁰The rules of the Gin Gin Co-operative Milling Association Ltd. (Anon, 1927), for example, specify that 'at least three-fifths of the number of shares and of the voting power of the Association shall be held by persons who are producers and suppliers to the Association'; and those of the New South Wales Sugar Milling Co-operative Ltd. (Anon., 1996) limit share ownership to at least 130 shares 'for each hectare of the member's Gross Production Area Entitlement.'

¹¹At Uki, in the Tweed Valley, northern N.S.W., the proposal to set up a co-op. and build a butter factory, in 1909, was carried because it was 'realised that if dairying was to be made a success in the district their cream must be treated nearer home' (Connery, nd, p.29). By the 1920s most Northern Rivers butter factories were operating by the same principle (Pan-Pacific Science Congress Sydney, 1923, *Guide-Book to the Excursions to the Moree District and the Northern Rivers*).

¹²New South Wales Sugar Milling Co-operative Ltd., *Annual Reports*, 1997, 1998; Mr. Dave Mitchell, interview, 13 Sept. 1999; United Nations Co-operative Conference, Brisbane, 8 July 1999, *Proceedings*.

new', where 'the antagonism between capital and labor is overcome' (albeit through 'making the associated laborers their own capitalists'), the title of Patrick Geddes's paper in the 1888 *CWS Annual* is 'Co-operation *versus* Socialism'. Certainly Darwin was no socialist, nor was Alfred Marshall, who in fact presided at the 21st Co-operative Congress in Ipswich, England, in 1889.¹³ And it is interesting to notice that Marshall, too, in the original *Principles of Economics* textbook - unlike his modern imitators - argues, as Darwin does, for an innate propensity for altruism and co-operation in man: 'the struggle for existence causes in the long run those races of men to survive in which the individual is most willing to sacrifice himself for the benefit of those around him; and which are consequently the best adapted collectively to make use of their environment' (Marshall 1898, p. 322).

Inured as we are today to sociobiologists' 'selfish gene' explanations of behaviour and *Homo economicus*, such talk of self-sacrifice for the benefit of others perhaps rings somewhat hollowly. But as seen, Darwin has strong arguments for the natural selection of *individuals* with altruistic traits (ie, as members of groups exhibiting such traits in their behaviour towards one another), and even some present day sociobiologists are willing to concede a place for altruism in social evolution (see, eg, Dawkins 1999). Whatever the case, empathy, and a willingness to share the burden *are* characteristics of human nature, as we all know, regardless of textbook-writers' view of the world. This can be demonstrated in figures. A report issued by the University of Technology, Sydney, in 1998 (*Weekend Australian*, 20-21 June 1998) showed that Australians spent \$27 billion on non-profit activities in 1994-5 in connection with hospitals, charities, schools, churches, arts, sports and social clubs, and volunteered 374 million hours of their time to the work of such organizations. Yet, as Susan Rose-Ackerman (1996, p. 701) succinctly expresses it, '[a]ltruism and nonprofit ... cannot be understood within the standard economic framework.' What is needed, Rose-Ackermann goes on to argue, is a 'richer conception of utility functions and a base in cognitive psychology that incorporates the power of ... emotions in motivating behaviour.' Such studies as have been done in the area confirm, this author continues, 'the importance of altruism in everyday life', and suggest that societies able to foster helping behaviour 'will be 'fitter' than those that are unable to do so' (pp. 702, 712).

But one does not need to look to totally disinterested motives to ensure the success of co-operatives. *Reciprocal* altruism - something like the 'tit-for-tat'

¹³A. Marshall, Presidential Address, in Twenty-First Annual Co-operative Congress 1889, Held in the Public Hall, Ipswich, June 10th, 11th and 12th (Manchester: Co-operative Union Ltd.), pp.4-12.

strategies in prisoners' dilemma games highlighted by Mankiw et al. - no doubt has a role in successful co-operation just as instinctive proclivities for co-operation do. Such principles are in fact seen as fundamental to the successful running of co-op societies and are commonly implicit in the wording of their rules. Thus the *Rules of the Gin Gin Co-Operative Sugar Milling Association Ltd.* (Anon. 1927) state at the outset that besides it being the object of the Association to 'manufacture or treat primary produce and to dispose of the produce so manufactured or treated or partly manufactured or treated, in the most profitable manner', it was also the co-op's prerogative to 'make from time to time with its members contracts requiring members to sell for any specified period of time all or any specified part of their primary produce exclusively to or through the Association.' Likewise, if somewhat more strongly, the Rules of the Red Comb Stock Feeds Co-operative Limited (Anon. 1974, p. 4) state that one of the co-op's 'Powers' was to: 'Make contracts with its members requiring them to sell products through or to the Society or to obtain supplies or services through or from the Society for a period not exceeding seven years. Every such contract shall be binding upon the Society and all other parties thereto ... The Society shall have the power to claim liquidated damages in an amount not exceeding ten thousand dollars (\$10,000) for the breach of any term of the contract.' Under the C.O.D.'s Cannery Subscribers Agreement, growers were barred from 'selling, disposing of, or supplying directly or indirectly, any fruit or vegetables of any class or variety and in particular pineapples to or for any factory or cannery or processing works other than the cannery of The Committee of Direction' (*Queensland Fruit & Vegetable News*, 18 April 1952, p. 8).

As these provisions recognize, human beings, while willing to work at joint ventures, are not (usually) altogether selfless. There is an individual side as well as a social side to human nature, as indeed perceptive writers like Adam Smith have long known (see also Fitzgibbons 1995; Denis 1999). Winston Churchill (1909, p. 79), no less, once expressed this understanding in these words: 'It is not possible to draw a hard-and-fast line between individualism and collectivism ... That is where the Socialist makes a mistake ... The nature of man is a dual nature. The character of the organization of human society is dual. Man is at once a unique being and a gregarious animal. For some purposes he must be collectivist, for others he is, and he will for all time remain, an individualist.' One could also cite the staunch free-market apologist Francis Fukuyama, who has recently tried to add some balance to his position by arguing that, notwithstanding the social disruption brought about by the information revolution and the globalisation of markets, 'social order, once disrupted, tends to get remade', since 'human beings are by nature social

creatures, whose most basic drives and instincts lead them to create moral rules that bind them together in communities. They are also by nature rational, and their rationality allows them to spontaneously create ways of co-operating with one another' (*Australian Financial Review*, 4 June 1999). Robert Skidelsky, Conservative spokesperson for the Treasury in the British House of Lords, argued similarly during a visit to Australia earlier this year (ABC Radio, Late Night Live, 27 April 1999).

And (in spite of the position taken by textbook writers) some economists are beginning to acknowledge an even stronger role for biological factors in human co-operation. John P. Watkins, for example, in an article in the *Journal of Economic Issues* has challenged the view that '[C]o-operation and altruism reduce[s] to rational calculation of self-interested individuals', pointing out that, to begin with, Darwin 'theorized that at the human level the basis for selection is most probably the group, not the individual'. Citing a number of earlier writers in support, including Kropotkin and Alfred Marshall, Watkins eloquently protests that 'Reducing social evolution to the rational choices of self-interested individuals or selfish genes [as in Dawkins, 1976] eliminates that which it seeks to explain: the very relationships essential to understanding social evolution. Reducing social evolution to individual choices implies that co-operation itself is a choice. As such, it denies the inherent sociality of human beings' (Watkins 1998, pp. 88, 90). In what might be seen as supporting evidence for Watkins' position, Bruce Wydick (1999) has recently found that 'social cohesion' is a significant factor in the success of group lending in developing countries. As C.R. Fay (1925, p. 352) well expressed it in his early account of co-operation in England and other countries: '[C]o-operation ... centres about a common and original impulse in man, which inspires him, whatever be his environment, to make his weakness strength by the simple plan of joining with others who are similarly conditioned, in the pursuit of a goal, which can be attained in proportion as he is prepared to co-ordinate his own interests with those of his fellow members.'

Conclusions

This paper has examined the image of 'human nature' presented in undergraduate economics texts used at three south-east Queensland universities, and has compared and contrasted this with understandings of the human condition stemming from the writings of Charles Darwin which can be seen to underlie theories of economic co-operation. A brief history has been given of co-operation in Queensland, with some reference to northern

New South Wales, from which it has been argued that textbook accounts can be shown to be at least incomplete, and that a whole sphere of economic activity has been left out of these accounts. Not being in keeping with current economic orthodoxy, co-operation, notwithstanding its demonstrable success in certain areas of the economy, particularly in the rural sector, is a neglected potential 'third way' in a climate of growing disenchantment with free-market theories and policies in Australia.

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