

Identity as a Psychological Foundation for Social Conflict

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Abstract

The end of the twentieth century crystallized a paradoxical relationship between economic and social psychological intercourse. Global dismantling of economic barriers accompanied local maintenance of social and psychological ones. While globalization of competition for more efficient commodity production promised widespread prosperity, local competition among neighboring groups to assert their social identities entailed economic and civil destruction. This paper examines social identity as a source for social cleavage and a basis for social conflict. It bridges between the social psychological causes of social identity and its socioeconomic effects by formulating the concepts of *identity sharing group* and *resource sharing group*. Then it outlines circumstances under which rival social identities generate informal institutions incompatible with those of the state, and subsequently, make economies perform below their potentials.