

SCALE OF CONFLICTS BETWEEN FIRMS, COMMUNITIES, NEW SOCIAL MOVEMENTS AND THE ROLE OF GOVERNMENT

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Abstract

Globalization and technological change is provoking a conflict of feelings within and between people. As more and more organizations extend their reach globally, and new national and multi national business emerging in new markets, organizations are faced with questions regarding the scale of conflicts, and it remains a real challenge, This paper is aimed to review the different levels of scale of conflicts between firms, communities, also we will study Global Conflict, different typology of conflicts, (between firms and state, firms and community, Inter-communities and intra-communities and Multi party conflicts), New Social Movements and the role of government.

Introduction

This analysis indicates influences of conflicts in different areas between Firms, Communities and states also following these observations, this research aimed to answer three interrelated questions within the context of environmental problems.

1. Which forms of conflict and co-operation between firms and new social movements do exist (typology)?
2. What is the impact on organisations (both in relation to internal organisational changes as well as in relation to their relations with their social environment)?
3. Which role can government play in these new forms of conflict and co-operation?

The research also consists out of literature review, the analysis of a database which contains information on different forms of conflict and co-operation and, most importantly, an in-depth analysis of 15 case studies referring to Mexican, European and international environment.

Global conflicts

A global economy is characterized by economic and political asymmetries and dependency relationships, which restrict cooperation and conflict resolution. Structures of societies and politics reflect the processing of conflicts and problems. Structures of societies and politics reflect the processing of conflicts and problems. The confluence of situational, structural and contextual factors produced violent political conflicts at the level of the national state. NGO's activists and advisors, etc, eager to intervene in solution of conflicts have split social movements provoking more

confusion and other conflicts. Agencies also have different and sometimes conflicting responsibilities.

From fundamentalism, xenophobia and marginalization arises conflict within and between societies. Historical, national and ethnic ties acquire power to cause conflict. Ethnicity is related to conflict when a highly plural society is moderately homogenous and safer (De Soysa, 2001). Ethnic nationalism reflects its conflict with ideas of a plural society with multiple identities. Some reactions are articulated by the sharpening of cultural zones in the growing number of ethno-national conflicts. Also, the concepts of order and procedures in economics make conflicts.

Difference may foster mutual fears and in-group/out-group dynamics that leads to conflict. Huntington (1997:20) suggests that cultural differences is a central factor in conflict: 'culture and cultural identities, which at the broadest level are civilization identities, are shaping patterns of cohesion, disintegration and conflict in the post-Cold War world.' Incompatible ethos between the West and Near-East will lead to conflict, as he argues that an 'overwhelming majority of fault line conflicts have taken place along the boundary looping across Eurasia and Africa that separates Muslims from non-Muslims.' Islamic are no more prone to conflict than others, Thus, it is salient to test Islam's independent effect on conflict in models holding resource wealth, ethnic fractionalization, and democracy constant (Soysa, 2001) and find out of moderate ethno-religious fractionalization's positive effect on conflict, as reported by Collier and Hoeffler (1999),

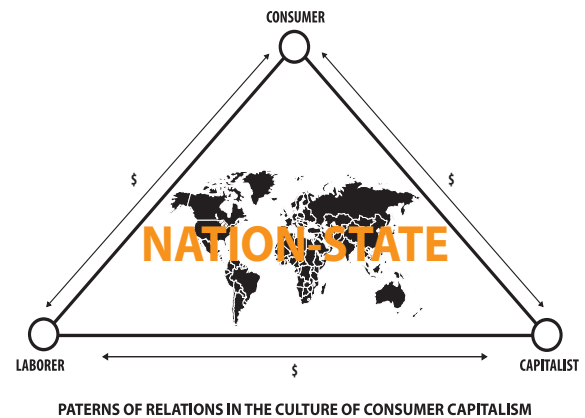
Global politics brings diffuse interests into relations with each other and develops a common language and values in which conflicts are articulated. One perspective of society considers is formed by the existence

of networks of relationships, with mutual expectations, that may indeed be of sustained and systematic conflict over values and resources. The global society perspective has an ideological significance opposed to that of international society. However, between these positions, at a political and ideological level, no decisive result can be expected to the conflict, because pressures for global responsibility. A good example are the civil conflicts in Iraq after the Gulf war that were taken as the pretext of imperial powers to invade under repudiation of a divided international society and community of nations.

The potential for conflict between trade measures used in national environmental policies and WTO have increased in the last few years. The WTO round aims to give preference to the trade agendas of developing countries which conflicts with COOL OMC needs to address the impact the environmental policy in conflict with trade, such as the case of tuna and dolphin case resulting from the Marine Mammal Protection Act. Conflicts have discouraged inclusion of trade provisions that could make environmental agreements more effective or enforceable. There might be ways to minimize frictions between these both concerns important for the world welfare.

Evolution of capitalism is confronted with increasing interdependent interests' conflicts among firms, between firms and communities and between firms and governments. Culture of capitalism is conceptualized as sets of relations between the nation-state, capitalists, laborers, and consumers as the essential elements, each one depending on the other, placing demands on, and conflicting with the others (Robbins, 2005).

Figure 1: Patterns of relations in the culture of consumer capitalism



Firms strive to monopolize the market while communities and sometimes governments try to rule out such monopolization. In essence, market agents and public policy makers, “react” to the current situations while inherent conflicts continue. Firms need a strong market, a community buying power and a competitive national economy to support increasing sales. An endemic feature of capitalism is its internal conflict between different segments of the capitalist class who can also rely on or are in conflict with the power of their own nation state. External financial shocks to the market are also considered conflicts (Gintis and Bowles 1982)

Societal structures reflect the processing of conflicts and problems but it is lagging behind the dynamic global economic and technology changes. Economic efficiency may conflict with social efficiency. Economic activities are regulated and ordered which make conflict solutions possible. Economic conflicts may be attributed in part to the lack of cooperation. It is already provoking conflicting points of view and feelings Topics of conflict are arising between and within, societies. The growing number of ethno-national conflicts is a cultural zones reaction

to trans national world where historical, national and ethnic ties gain power.

The sense of openness of non aggressive religions to sharing and receiving values indicates anew consciousness of being a global community despite the traditional conflicts

International and regional conflicts

International conflict has changed its character after the end of the Cold War. Interstate disputes over ideology or resources have turned to intrastate ethnic conflicts. This recent outbreaks of ethnic conflict are more numerous and deadly than earlier eras. Regional economic, political, military and cultural conflicts and crisis are considered as global issues, such as the creation of a common military system, during the East-West conflict. In an ideological conflict between opposed powers is difficult to find for a stance which stresses a consensual framework of relations between states. As a result, international conflicts have specific effects of ideologization, bipolarization and nuclearization, as it happened during the Cold War conflict, a bipolar East-West conflict that neutralized other international conflicts.

International Monetary Fund and World Bank conditions tied to loans cause conflicts between international policy advisors and in-country technocrats and politicians, and the working rural and urban sector of the population.

Literature on interstate war gives an account of empirical evidences and theories on interdependence and conflict, such as 'liberal peace,' (Oneal and Russett,1997) For example, to assure control of strategic resources, United States needed armed forces outside the bases to be in charge of internal conflicts in Mexico. A wrong

approach to conflicting inters states policies and regulations across the borders often result in undesirable impacts to consumers and the involved economies.

Social interests represented by the civil society may be in conflict with the dominant interests of the state system. In international conflicts, pressure groups attempt to ensure human rights, respect for human needs and democracy. The grievance effects of a lack of democracy are overshadowed by the opportunity costs of conflict (Soysa, 2001). Democratization is counterproductive if the economic and political elite do not relinquish their power Institutional change and decentralization processes may allowed latent conflicts to spill into regional violence.

Absence of effective, accountable and transparent institutions to redistribute resources in a fair and equitable manner and regulate tensions has allowed conflicts to often take violent form Environmental policies have contributed to the emergence of new fisheries conflicts (Thorpe, Aguilar Ibarra and Reid, 2000). Charles (1992) identified a range of fisheries conflicts, among others, conflicts over fisheries jurisdiction arising from historic fishing rights in Mexico's shrimp fisheries, enforcement conflicts in the Patagonian tooth fish fishery and group conflict upon the hubbsi hake fishery in Argentina. The absence of clearly defined exclusive access rights possessed by cooperatives and jurisdiction are sources of conflict in Mexico's Pacific coast shrimp fisheries.

Unregulated "free-fishermen" who enter the inshore shrimp fisheries after the economic crisis of 1994, exacerbated conflict between the offshore and inshore fishermen with the growth of an informal market Re-allocation of rights encouraged new actors into the fishery and exacerbated conflict. The number of parties and costs involved in the

conflict reduces the likelihood of a negotiated agreement (Panayotou, 1993, p. 44). Reducing shrimp exports and improvement of national markets may reduce conflict. (McGoodwin, 1987, p. 231).

Authoritarians' regimes have created latent conflicts to establish new institutions. Procedures of institutions and organizations are not responsive to community interethnic and inter group conflicts and do not empower them to solve their own problems and resolve conflicts.

The definition of the new states on an ethnic basis as Nation-States, rather on the bases of a civic sense of belonging, is creating tensions and conflicts between communities.

Local regulations conflict with state and federal laws. The Commission of European Union of nations may not be able to resolve conflicts that may exist between or among local and state food safety systems and foreign nations, for example.

Governments of NAFTA partners and their agricultural sectors have devoted greater attention to resolving conflicts related to other issues such as sanitary and phytosanitary (SPS) measures. NAFTA partners strengthened their institutional capacity to resolve conflicts through government and private-sector negotiations, technical committees, and technical assistance. However, agrarian and rural conflicts in Mexico, sometimes violent are the result of an increasing poverty and hunger of millions of peasants after the NAFTA negotiations. These conflicts are widespread and had been violent in states such as Chiapas, Oaxaca, and Guerrero and threaten to re-ignite armed struggle across Central America.

Industrial and labor relations are institutional forms of the regulation of processes of social exchange and conflict. To avoid escalation of labor conflicts, it

has been proposed negotiated agreements of intergovernmental cooperation among Mexico, USA and Canada. The agreements monitor and treat labor conflicts, reducing distances between labor law and labor practices it has been to the governments' advantage not to allow trade relations between the countries too bogged down in disputes or even a spiraling of conflict levels. To avoid spillages labor conflicts, the ministries of labor are coordinated with the ministries of trade. However, strategies of conflict avoidance and mutual distrust limit open cooperation on labor conflicts. (Dumbois, Hornberger and Winter, 2003).

The strategy of low intensity can delay conflict solutions as the result of a contradictory political process rationality of governments involved. The cooperation and conflict strategies of low intensity in the bilateral intergovernmental relationships are based on a paradox combination of distrust, reluctance to cooperate, the need to control and retain conflicts. (Dumbois, Hornberger and Winter, 2003). The tense process of bilateral conflict resolution of intergovernmental political depends of willingness of governments involved to cooperate instead of utilization of dispute and sanctions mechanisms. International labor regimes are reflected in problems of sovereignty, dominance cooperation-conflict and participation.

The imbalance between conflict and cooperation, the lack of common policy and procedures for "integrative bargaining" and lack of redistribution mechanisms causes the mutual distrust among governments. International labor regulation regimes may address to solve the problem of the balance between cooperation and conflict and not solely on the basis of conflict resolution. Cooperation may not only be restricted solely to conflict, but may include resources and

mechanisms for integrative and distributive bargaining.

The point is to maintain balance between cooperation, conflict and dominance from participation of civil actors in such conflicts as sovereignty, international regulation and “embedded ness” of labor relations. The balance between cooperation and conflict can be supported not only by conflict processing, but by joint policymaking combining regulatory functions with distributive mechanism. Conflict processing under the logic of “zero-sum” is a bilateral process of conflict resolution. Conflict resolution procedures may be supplemented by joint labor policies from the three countries (Dumbois, Hornberger and Winter, 2003).

Actors of civil society are disillusioned of low intensity conflict solution and cooperation blockades strategies between governments, which prefer consensual bilateral forms of conflict resolution. Trans national actors, networks of organizations and trade unions select conflicts and elaborate the complaints as a political instrument for conflict resolution that does not supersede institutional patterns of conflict regulation but that give way to inter governmental or public pressures to influence on labor practices. Although US Government is concerned with complaints against Mexico as a source of conflict that puts national sovereignty at risk and endangers relationships it has had little inclination to exploit the potential for conflict and sanctions (Dumbois, Hornberger and Winter, 2003).

Conflicts between the state, governments and communities

The role of the nation-state is to regulate conflicts between the essential elements, the nation-state, capitalists (firms), laborers and consumers, binding together disparate and conflicting interests (Robbins, 2005). One

good example is the case of the bill to allow merger of Travelers CEO Sandy Weill and Citicorp that remained mired in United States Congress because jurisdictional disputes among federal agencies, intra-industry conflicts and consumer groups opposition.

Almost all ethnically diverse states experience some form of political tension, this do not escalate to violence. Of 58 armed conflicts underway in 1995, 57 were intrastate disputes, out of which 48 were ethno political conflicts and only one was an interstate conflict (Gurr and Moore, 1997) Literature on nationalist and ethnic conflict analysis (Diamond and Plattner, 1994; Gurr, 1993; Gur and Harf, 1994). Ethnic conflict is not always violent. The state can politically manipulate the ethnic conflicts and the identity differences. Difference is a resource exploited for gaining access to hard resources through control of political levers of power vested in the states (Gurr and Harff 1994; Wimmer 1997).

The conflict aspects of diversity and cultural differentiation is linked to political conflict and relationships of mutual dependence requiring development of a culture of cooperation, common responses and institutions for regulation. Avoiding entrenching in the polar positions of ‘conflict’ and ‘consensus’ and assuming the existence of de jure normative consensus as the foundation of society, maintains the materialist foundations of the conflict view.

Ethno political conflict involves ethnic and religious identity groups defined themselves to have common descendent, shared historical and cultural backgrounds who make claims on behalf of community interests against either state or other groups. The state can make these claims on behalf of the dominant ethnic group and use strategies to accommodate and of co-optation of conflicting communities. Communities and NGOs make demands that conflict

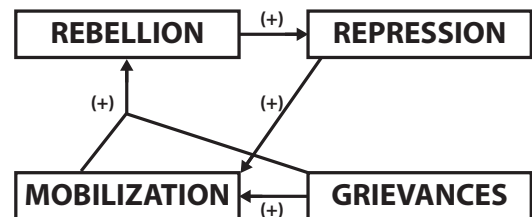
with the limits set on regional autonomy to secure revenues for their benefit, a sustainable resource management, and an effective conflict resolution of disputes over resources. However, the work of Mexican NGOs is relevant in fostering community development and solving conflicts between local communities and private or governmental actors. The depletion of resources due to past inequitable exploitation is generating the potential for conflict and national disintegration.

Governments manage the stick and carrot dilemma when solving conflicts. For instance, conflicts in the state forestry institutions between conservationists and politicians engaged in land reform resulted in loss of power for conservationists in the forest department in the 1940s (Mathews, 2002). In the history of struggle for control of the forests, the silvicultural system has been the greatest source of friction and inter-community conflicts. In a local conflict between a community and the state, local resistance to the government concessions issued to large firms in the Sierra Norte, the community succeeded in a process of struggle for local autonomy, defense of labor rights and refusing to renew forest concessions to timber companies. The concessions were eventually nullified in 1984 (Abardía and Solano 1995), and legally recognized transfer of control to local communities two years later (Klooster, 1997).

Local resistance has often promoted clandestine forest resource use combined with escalating conflicts between different stakeholders over resource access and user rights. Comuneros have learned that they gain control of the foresters by being ecological guardians and by preventing deforestation. (The future of Mexican forestry: Ideology and conflict. *Journal of Sustainable Forestry*: 24).

Some of these conflicts are drawn into cycles of rebellion and repression and some other find accommodation with rivals and regimes. Each one of the ethno political conflict requires specific microanalysis to isolate the conflict relationships with the state and the ethnic group. A theoretical model of the ethno political conflict process developed by Gurr and Moore, (1997) involves four interdependent concepts depicted as dependent variables:

Figure 2. Linkages among the four main concept



Source: Gurr and Moore (1997)

Rebellion may diffuse through collective action and mobilization among like-minded groups elsewhere in the international system. Persistence of ethno rebellions prompts the state elites to establish autocratic rules to institutionalize repression. Sources of State repression and coercion to manage ethnic political conflicts are driven by internal ethno rebellions, past use of coercion and coercive capabilities. These sources lead to creation and development of institutions that reinforce preferences of state elites for repression and coercion of ethno political conflicts. Political repression can drive down conflict because it affects the opportunity costs of participants (Soysa, 2001)

Analysis of large-scale civil wars focuses on determinants suggesting that conflicts are associated to economic motivations around the greed versus grievance thesis (Collier, 1999 and Collier and Hoeffler, 2000). Thus, it is important to understand conflict in

terms of whether or not greed or objective grievance drives conflict. Both greed and grievance predict conflict significantly although grievance is hardly the strongest stimulant for conflict as most claim (Gurr and Harff 1994). Greed has strongest effects on conflict. Greed is more potent driver of conflict than grievance because grievance should be highest at the highest point of repression, but so are the opportunity costs of rebellion. The net effect of repression is larger than that of grievance-reducing democracy (Soysa, 2001).

Resource wealth might lead to civil conflict in two ways. The “looting hypothesis” sustains that rebel movements arise from greed and grievances and thus, the availability of resource wealth gives rebels the ability to finance. Resource wealth raises the likelihood of civil conflicts because rebels fund themselves through looting and extortion. Conflict may be caused by other mechanisms such as taxation, although “the increased tax revenue eventually augments the capacity of the government to defend itself sufficiently to offset the attraction of enhanced loot” (Collier and Hoeffler, 1998, 2000).

Resource wealth has fueled civil wars, which arouse by other reasons. Through then grievance mechanism, the rebel activities target grievances against the resource firm or its symbols in resource wealth territories. A conflict appearing resource wealth may force manufacturing sector to leave while staying the dominant force in the economy. A resource wealth territory may give population the economic incentive to fight for independence and autonomy. The existence of these conflicts tends to confirm Rudolph Rummel’s point that most deadly quarrels is between nation-states and their own citizens. Resources plays a different role in separatist conflicts than non-separatist conflicts (Ross, 2001).

A civil war is conventionally defined as an intrastate military conflict between government and a non state organization that generates at least 1000 battle deaths a year, with each side suffering at least five percent of these deaths. Conflicts have produced fewer than 1000 battle deaths a year; are referred as “civil conflicts”. (Ross, 2001). The traditional nationalist and unionist approaches for the Northern Irish conflict were seeking rationalizations for particular policies to justify antagonisms and to blame for the conflict.

Violent civil conflicts take place in states with an abundance of natural resources although correlation between civil conflict and resource dependence may be caused by other variables such as weak rule of law and undefined property rights. Resource extraction may contribute to civil conflict by offering rebels the opportunity to loot, and by creating grievances. Resource looting may have not be the cause of the conflict but may influence the determinants of duration and intensity of a conflict. (Collier, Hoeffler, and Söderbom, 2001). Scholars find discrepancy in that resource dependence is tied to the incidence of conflict but not its duration (Collier and Hoeffler 2000; Collier, Hoeffler, and Söderbom, 2001).

Resource wealth could influence the duration of a conflict when a party in the conflict carries out resource looting and when within the rebel organizations or armed forces create principal-agent problems. Resource dependence is linked to the duration of civil wars but not their incidence.(Fearon, 2001). Ross (2002) finds evidence to support that resource wealth is linked to the onset of conflict and the duration of conflict. Resource wealth may increase the lethality of civil conflicts if adversaries are not given any incentive to cooperate. Resource wealth has a mixed or ambivalent impact on duration and intensity

of conflict, although resource revenues may influence the duration of conflict, it may reduce the intensity of conflict by encouraging cooperating in exploiting the resource. For instance, Lerma Basin Council (1989) solved contentious inter-state water conflicts in Mexico (Gedicks, Al. 1996).

There are different arguments about how resource dependence is linked to civil wars and scholars disagree about dimensions of conflict. The onset of civil war made the economy more dependent on resource exports (Minter 1994). Primary goods to total exports ratio is strongly related to conflict. Social factors of poor countries vulnerable to conflicts affect the investment and export activity. Civil wars may exacerbate dependence. The civil wars may make the economy more resource-dependent and forces states to grow more dependent on their resources. Resource dependence influences civil war but not its duration (Collier and Hoeffler, 2000) and not influences civil war but affects its duration (Collier, Hoeffler, and Söderbom 2001; Fearon, 2001).

Ross (2001) raises questions about how to explain the correlation that exists between a state's natural resource wealth and the likelihood of civil war it will suffer (Collier and Hoeffler, 2000, and De Soysa (2000). The ability to identify the nature of any conflicts is important for the protection of natural resource areas. There is a threat to natural protected areas from encroachment by outsiders and through land tenure conflicts. The conflict is usually state versus federal in US, for example. Ross (2001) argues that correlation between resource wealth and civil war could be spurious, if both resource wealth and civil war are produced by a third variable, such as poorly enforced property rights. Ryan, (1987)..Analyses property and land management conflicts

The Collier-Hoeffler analysis provides a robust result of some causes for pursuing

governance factors. The size of population is correlated with conflict. Ross (2002) found that the natural resource-civil war correlation accounted for by a variety of different mechanisms, some of which influence the onset, others influence duration and still others intensity of conflict. The resource dependence-civil war correlation is produced by a variety of causal mechanisms. However, Ross finds no evidence for the "looting" mechanism (Collier and Hoeffler, 2000) that links natural resource dependence. The expanded Collier-Hoeffler mechanism "resource looting" includes related phenomena – such as the sale of resource futures, the extortion of money from firms building resource infrastructure, and the incentives facing neighboring governments (Ross, 2002).

Ross (2002) suggests that different mechanisms require different policy interventions. He gives the example of mining that causes conflict because it produces grievances over access to jobs and resource revenues, and offers as a solution greater community involvement by mining firms. However, rebel groups extorting money from resource firms, requires stricter mine site security and less community involvement. There is evidence that natural resource wealth is causally linked to civil conflict (Ross, 2002) He finds strong evidence "that resource wealth has made conflict more likely to occur, and last longer and produce more casualties when it does occur. Resource wealth not always make conflicts worse, sometimes have contradictory and even beneficial effects over the course of a civil war like bring about an end (Ross, 2002).

A drawback in the Collier-Hoeffler model is the lacks of an institutional component, although the analysis is based at state level. Institutional factors fashion the opportunity costs of fighting and solve collective action

problems for maintaining peace (Soysa, 2001). Democratic institutions have an impact on the forms and extent of political conflict within states (Zimmermann, 1980). Governments of developing and less democratic countries can use military or police force, although it may be counterproductive. Autocratic governments can use coercive force to repress communities increasing the risk of further civil unrest (Gurr, 1970, Hirschman, 1981; Gupta, 1990; Bourguignon, 1999; Boix, 2004). States that have developed democratic institutions are expected to experience lower ethno political conflicts than more authoritarian regimes. Democracy will influence levels of repression, which affects levels of mobilization and in turn influence levels of rebellion.

Democracy reduces elite preferences for repression by institutionalizing conflict management (Gurr and Moore, 1997). Empirical evidence supports that conflict is less likely among moderate democracies because they lower opportunity costs for organizing opposition to the state which is less likely to be repressive. Collier (1998) argues those high levels of autocracy and high levels of democracy are both conducive to peace. Moderate democracy tends to increase the incidence of conflict while further increases induce peace (Soysa, 2001).

Conflicts between state and local communities (Angelsen, 2001) are based on cultural differences. Culture of indigenous peoples conflict with the culture of capitalism. For instance, Lacandons have allied themselves with the federal government and a business-oriented environmental organization in a demand that the communities settled on lands within the Montes Azules Biosphere Reserve be evicted in order to protect an ecological area. The Mexican government was urged not to take any steps that could lead to a worsening

of social conflicts in Chiapas. This situation may not be an inter-ethnic conflict between the Chol and the Lacandon indigenous people.

In Mexico there are more than 30,000 unresolved agrarian conflicts, land disputes and conflicts between villages involving indigenous communities. The Mexican state exploits conflicts within and between agrarian communities to divide them ensuring they do not mobilize against it around common interests (Dennis 1987).

The land boundary conflict between Santo Domingo Teojomulco and San Lorenzo Texmelucan in Oaxaca has its historical roots in contradictory decisions on the part of the federal government dating back even to the colonial era. There are approximately 656 agrarian conflicts in the state. These conflicts that have already taken a heavy death toll, have the lack of response on the part of authorities as one constant factor, and the Ministry of Agrarian Reform has made no proposal for resolving the conflicts, although each one has its particular characteristics. Most of the conflictive situations in Oaxaca are characterized by a politics of "terror". Conflicts between indigenous communities have negative repercussions on social and economic rights. (Comité pour la Justice Sociale, 2003).

Conflicts in Mexico have given rise to solidarity movements abroad, such as the international support for the Zapatista demands in Chiapas, termed as "Marginalized Violent Internal Conflict". The insurgency unfolded in the face of overwhelming odds under objective standards of military power to defeat opponent government (Tschirgi, 2004).

Solutions to ethnic conflict are explored can be classified as domestic and internationally based solutions. Domestic solutions that focus on design of political and cultural institutions include power

sharing in government (e.g., consociational democracy), protection of minority rights, and autonomy arrangements. International solutions include territorial partitioning and the stationing of UN peacekeeping troops.

To prevent or offset large scale civil conflicts may be implemented social redistributive policies. These policies play a role in prevention and reduction of political unrest and result on positive externalities on economic growth and social development. The nature and effects of conflict on human security and social welfare is manifest when social cohesion tends to break. Redistributive policies may become an institution to reduction of socio political tensions and to prevent or diffuse internal community conflicts caused by inequalities and social divides by addressing economic, social and political discontent over poverty of people and protecting them again losses of income, assets and capabilities.

Different forms of redistribution of income to the conventional ones, from the whole population into the accumulation of assets among the poor, will allow them to be more productive and less excluded socially (Bourguignon, 2002). But may face similar economic and political difficulties to the redistribution of incomes, wealth and assets. Redistribution of financial resources and social and political rights require an increasing demand and active participation from civil society but also political determination from government and support from economic elites.

Spending on social services, health and education contribute towards stronger economic growth. But implementation may be constrained by budget restrictions. Policies to guarantee more equal opportunities, reduction of discrimination and segregation from social and political rights may be impeded by labor market structures and may face opposition from established elites

(Justino, 2004). One good example is the case of RUTA-100 union, one of the most radical trade union movements in Mexico. The Union is allied with the rebel Ejército Zapatista de Liberación Nacional (EZLN) have an active conflict with the Mexico city administration over the mass firing of its members and the arrest of its leaders.

There is a increasing conflict within households between women as suppliers of labor and men who reap financial rewards (Vermeulen, Nawir and Mayers, 2003). Developing countries that have high income inequalities have also high potential for sociopolitical conflict (Binswanger, Deininger and Feder, 1993).

Increases in redistributive policies may have a role to play in the establishment and/or maintenance of stable socio-political environments in developing countries. Redistributive policies contribute towards the socio economic protection of vulnerable groups creating a politically stable environment and generating positive externalities for economic growth and social development.

Conflicts between firms and States

Relationships between firms and government can be both cooperative and conflict (Dicken, 1998) and Sklair, 1995) changing over time and depending upon the specific bargaining power of each one. Angelsen, (2001) study conflicts between state and local communities

The state can impose economic policies of restructuring strategies over firms that can give raise to the emergence of conflicts. Long-run economic efficiency counts in high-innovation markets, although it may be in conflict with economic efficiency in the short run. If the competition agency pursues economic efficiency implying that

conflicts between different objectives are resolved between different institutions in accordance with their powers and responsibilities. However, the consequence is that there is a great concentration of power in the competition authority with the consequent disadvantage that there may be conflicts of interests between investigation and adjudication. There is the potential for much conflict in these arrangements. A conflict between economic efficiency and competition versus capitalization ratios, may be resolved by institutional design of the structure of economic governance in the country and its competencies and responsibilities in relation to those of other authorities.

Centralization of political power would stifle the ability of public actors to manage restructuring conflicts. Public actors mediate conflicts regarding the use of assets and risk sharing by private actors, to regulate market and facilitate investment. The active role of government in the economy would regulate conflicts between firms and banks through contracts that will allow reorganization of assets, buyouts and closures.

Social power can be exercised to lead strategies to reduce and resolve international conflict between firms and countries, produced by differences between participants in the substance of the business. The strategy for doing international business may produce sufficient conflict to undermine the success of that business. The danger and depth of conflict when these strategies are used may be significant. The reason for the conflict is that if business do strategies their way, implicitly accepting the correctness of their perspective to do business internationally, others may be at a disadvantage skill wise.

Interest groups oppose State restrictions that discourage entry by multi-location firms. Firms may face States reluctant to deregulate having national impact on

obligations, which can derive as imputed conflicts of interests. These conflicts may be dealt through adequate structures to provide efficient rules. Small firms can hold the balance of power on rigid conflict of interests and conflict of law rules while large firms may oppose government reforms not as a cohesive group that would help competitors for building reputation capital. Reputation is an asset that firms may not be willing to destroy by behaving as predicted by agency theory. States may move towards adopting some sort of structure for regulating non-competition agreements, rules governing ownership and rules on imputing conflicts. Ethical restrictions on non-competition agreements must distinguish legal multi-level payouts based on potential damage caused by the departing partner from illegal non-competes (Ribstein, 2001).

Post privatization disputes and negotiations may still occur between governments and firms (Pires and Goldstein, 2001; Gentzoglanis, 2001).

A decisive factor is whether or not the host government can be forced to take a proactive role in helping to resolve conflicts between foreign capital and labor. International agencies and government can take this role as for instance, the International Labor Office (ILO) providing technical assistance to solve the conflict between workers and the Korean maquiladora Maxmode at Nike's urging (Kidd, 2001). Since the judicial system as a mechanism to solve conflicts between firms and regulators is weak in some countries, firms seek protection from international agreements

Regulation has two components: regulatory governance and regulatory incentives (Levy and Spiller, 1996) or political stability (Heller and McCubbins, 1997). Regulatory governance refers to "all mechanisms that a society uses to restrain government discretionary moves to solve

conflicts between firms and regulators” (Abdala, 2000). Regulatory governance refers to mechanisms used by society to restrain government discretionary moves and to solve conflicts between firms and regulators. Political stability is defined as a situation with minimum risk that government would introduce substantial changes to the way it treats investment.

Regulatory governance is under pressure by unresolved conflicts among interest groups. Conflicts among members of families facing the dilemma of retaining control despite the increased needs for external financing are a threat to the Mexican corporate governance model.

Crucial differences of regulatory style are in the degree to which regulations are developed harmoniously through discussion, mutual accommodation and implicit or explicit bargaining or through conflict and all available political and legal tactics on maintaining one’s position on the other. A science-based approach to setting clear parameters for decision making regulation is necessary to safeguarding the environment and avoiding unnecessary conflict (Graham and Wiener, 1997).

Institutional characteristics such as nature of conflicts among business groups affected by reform and administrative capabilities, determines a wide variety of government choices for regulatory incentives and produces different outcomes across sectors (Levy and Spiller, 1996) Agency costs in regulated firms extend to conflicts of interests between shareholders and regulators. Conflicts with regulators requires a higher level of monitoring to control agency problems. To promote credibility and commitment, government use several mechanisms to solve conflicts such as informal contacts with firms and political pressure on regulatory agencies and other institutions

In any potential conflict the executive power can give the benefit of the doubt to the firms at the expense of other parties such as consumers. High state intervention is an extension of agency problems to shareholder-management conflicts. Interventions of government bypassing regulatory agencies to accommodate contending interests among groups can be explained by the lack of effective mechanisms for solving conflicts. Thus, good regulatory institutional design should provide mechanisms to restrain government and avoid private opportunism. Contracts may include specific mechanisms for conflict resolution under different contingencies.

The allocation of responsibilities between governments and agencies should take into consideration significant conflicts of interests. When rules impose conflicting obligations to firms such as disclosure and confidentiality it is not easy to comply them.

Conflicts between firms

Inter-firm co-operation finds expression in the network model (Cooke & Morgan 1993) in which relations are based on trust between economic actors for mutual benefits. In the course of mutual adaptation disputes and conflicts between firms tend to be “resolved within the relationship rather than by reorganizing it (Grabher, 1991:63). Cooperative arrangements give rise to conflicts between firms over the appropriation of results.

Conflicts of interest created by business groups (Dewenter, Novaes and Pettway, 2001) include conflicts among member firms and conflicts between member firms and external investors.

The existence of asymmetric interests and expectations between firms may conflict promoting opportunistic behaviors

from one partner while the other seek higher control over the alliance's operation (Anderson and Gatignon, 1986). Conflicts arise between firms competing to make their proprietary technology and industry standard. Uncertainties of production development entail significant risks between interdependent firms that often conflicted with one another and created restructuring conflicts.

The dynamics of incentive and conflict political dimensions in the transfer of knowledge and mutual learning agreements and the creation of competencies over the long term may coexist with other conflicting values. Agents can choose strategies to implement a preferred equilibrium, irrespective of any incentive conflicts between firms that may surface when a standard is to be set. Affiliated firms may be incompatible with their asset structures and control within the group (Khanna and Palepu, 1999).

Trade-offs between capabilities of local actors and external resources may exist which cannot always be resolved without conflict between vertical and horizontal growth in a cluster. Power as relationships creates rules of dominance and subordination within a group of firms or a cluster network (Allen, 1997) helping to settle conflicts and speed up decision making processes between firms (Clegg 1989; Taylor 1995).

Complexity, group affiliation and group visibility may impact agency conflicts within groups (Gul, 1999) Dewenter, Novaes and Pettway (2001) discuss the trade off between business groups controlling agency conflicts. The complexity of organizational structures may limit their ability to control conflicts and to reduce information asymmetries. The potential for agency conflicts and the need for a dividend control mechanism both decrease when the percentage of insider holdings rises.

Agency conflicts in groups are complicated and determined by visibility, complexity, and conflicts between firms and controlling entity. Agency costs are the loss to shareholders of controlling agency behavior. Costs of agency conflicts become important to the firm that measures should be taken by stakeholders and managers. When the level of institutional monitoring is insufficient for greater agency problems, it is required that the influential group of shareholders pushes for higher payouts to induce capital market monitoring. Affiliation on agency costs. Reducing agency conflicts requires monitoring the firm and its management. The components of agency costs are monitoring expenditures, bonding expenditures and residual loss (Jensen and Meckling, 1976).

Group affiliation has the potential for increasing or decreasing conflicts between managers and investors (Dewenter, Novaes and Pettway, 2001). Gul (1999) finds group firms membership to reduce potential conflicts between equity and debt holders. Conflicts between debt and equity holders in business group affiliated firms formed around a main bank which is also likely to be the main shareholder.

The need of shareholders (principal) to monitor management (agents) behavior arises due to the separation of ownership and control and the associated conflicts of interests. Stakeholder theory implies an increasing need to monitor an extension of agency problems to conflicts of interests between equity holders and other stakeholders; Most of this attention has focused on internal conflicts among group members. The potential for external conflicts of interest between large, diversified business groups and investors may be constrained by reputation concerns. However, underwriters may pose a conflict of interest associated with higher initial returns. Potential conflicts between borrowers and individual lenders

inhibit the development of markets because defrauding borrowers are not penalized.

The conflict of interest between investment banking and stock research was fully ingrained in the culture of investment banks. The inherent conflicts of interest within any large financial institution tempt greedy brokers and investment bankers to put company profits first and fidelity to investors second. Investors are unable to know when research is coloured by conflicts of interest. These conflicts could have an impact on client retention. Large firms ignore conflicts of interests as long as the financial rewards outweigh the potential costs. (Sirignano, 2004). It is a basic inherent conflict between investment banking, equities and retail. Investors do not know about the conflicts of interest that exist between the research and investment banking departments of large firms.

There is dissimilarity in how conflicts of interest affect different banks. Investments banks have conflicting economic interests. Conflicts of interest concerning research and investing banking stem from an asymmetry of information and the self-interests of analysts that did not align with the interests of the investors. Access to information would enable investors to better value. Actions of an individual agent affect other principals whose preferences conflict (Bernheim, 1986). Investment bank analysts had an effect on the price of stocks the conflicts of interest arise. Because firms and investors give stock analysts the right to perform their research, conflict of interest is modeled by common agency.

Michaely and Womack (1997) show that underwriters' buy recommendations of their own underwriting perform poorly, as compared to recommendations by non-underwriters, attributed to conflict-of-interest bias. Firms extend the conflict of interest to analysts by tying their compensation to

how much investment banking revenue they could generate. It is the conflict of interest with investment banking not trading that is driving the inflated research reports. Regulations may prevent future conflicts of interest and biased research, may also block conflicts between firms' investment banking and research departments. Regulators have tried to remove or at least diminish the potential conflicts. The concept of meta preferences (Sen 1984) supports guiding principles in the solution of preference conflict.

A conflict arising from a fraudulent asset transfer by the borrower if the bank can withhold the subsidy and emerge as an institution that can resolve conflicts without court interventions. If institutional arrangements resolve the conflicts, legal rights are less important, but either contractual solutions or past social ties can mediate conflicts between firms and banks over restructuring. Although banks have sufficient clout over borrowers to resolve conflicts without court interventions, banks rely on courts to resolve some of their conflicts with the borrowers. If capital markets prevent conflicts before they arise, then the need for courts and shareholders rights will be lower.

Firms may prefer markets as a source of funds in common-law countries where courts are effective in solving the conflicts between firms and individual investors. A cost minimization model should consider conflicts between the firm and its non-equity shareholders through the introduction of free cash flow as an agency variable (Holder, Langrehr and Hexter, 1998).

Conflicts of interests often exist among children and grandchildren in family firms regarding such issues as the allocation of corporate cash flows. Viewpoints may change in some countries as people place more emphasis on children and their needs

and less emphasis on wealth. Agency conflicts and dependency on capital market for external finance may be different for group-affiliated firms. However, links between business groups and the capital structure decision may be subject to culture (Gleason, Mathur, and Mathur, 2000).

Conflicting rules are a potent bar to multi-disciplinary firms. A client of any branch can create a conflict for the entire firm depending on conflicting definitions of the firm and the type of structures to deal with conflicts. Rules imputing client conflicts of interest between the firm and agencies need to be regulated, but not necessarily to be firm-wide to avoid malpractice damages and vitiating the conflict. Firms avoiding client conflicts may limit their ability to grow and to break up where the benefits from conflicting business exceed scale and scope economies (Ribstein, 2002).

Conflicts of interest between firms arguably present greater potential dangers to clients because individual and business consumers want a broad variety of providers from which to choose. Ethical values may lead to conflicts between firms and their customers. Transaction ethics is focused in own rights and aimed at reaching personal goals and controlling conflicts for your own sake and cooperation with others benefits both parties. (Brand, 1989) Companies do not recognize the society and conflicts may occur between economic and social goals. There will be conflict between business results and following the General Business Principles Ethics, as Universals has no clear indication of how to choose between conflicting obligations or duties (Kok. et al.).

The inherent characteristics of the advertising agency-client relationship are conflictive in nature. Agencies and clients are often in conflict with each other. Potential conflicts arise from the interaction

between firms, an advertising agency and a client includes both common and conflicting interests (Ellis and Johnson, 1993). An advertising agency-client conflict emerges. Private incentive and welfare concerns arise when firms undertake some activities, such as comparative advertising as a welfare improving policy (Albano, 2001). The tensions are imperfectly controlled through the usual financial arrangements negotiated between the client and its agency.

Conflicts between advertising agencies and their clients are rooted in the nature of the service and the structure of their interaction. According to Dowling (1994) conflicts between agencies and clients typically are played out around four areas: (1) the style of the advertising campaign (a creativity issue); (2) the effectiveness of the campaign (a success or failure issue); (3) the cost of the campaign; and (4) client service (an interpersonal issue). Conflicts may rise either because of the competence of the agency to fulfil the client's needs or contradictions that exist between the incentives facing the two parties. The advertising agency-client relationship is one that is subject to potentially conflicting incentives of agency profitability and client profitability. Creative awards may lead to additional conflicting incentive.

Conflicts that arise between the internal and external agencies are conflicts over power. A possibility of resolution to the agency-client conflict may be that the less the incentive the firm has to take advantage of its agency, the more likely it is that an incentive contract based on sales performance will align the interests of the agency with its client. Conflicts could be resolved by changing the structure of the payoffs to the agency and client, and finding mechanisms to measure inputs and outputs. (Devinney and Dowling, 1999). Because ingredients to agency compensation and

control are imperfect solutions to conflict-of interest problems, complex mixing-and-matching approaches may create new conflicts between the client and its agency (Bhattacharya and Lafontaine, 1995).

The open divergence of opinions and conflict between firms of the agrochemical industry sector is because their strategies diverged and their markets became more competitive (Tait, 2001)

Trade conflicts followed by political bickering after dispute settlements cases are more domestic between export firm interests and import competing interests than as conflict between countries. Kant argued that trade promoted peace by acting as a constraint on rulers who might otherwise embark on conflict. Trade may reduce conflict by raising the capacity of government, reducing opportunity costs and by increasing social capital (Soysa, 2001).

Political and social conflicts between firms and employees have resulted in the emergence of welfare. Origins of social conflict and instability not accountable or are considered dysfunctional. The distributional approach argues that the profit motive depends on distributional conflict. Teams try to raise the level of output, which is subsequently subject to a distributional conflict. "The coordination and problem-solving nature of organizational routines." (Coriat, Dosi 1998; p. 104), it "neglects the second major role of organization and organizational routines, namely their being a locus of conflict, governance, and a way of codifying microeconomic incentives and constraints". Distributional conflict is not very relevant and so is any conflict between consumer requirements and profit seeking activity. Business related values may clash with religious values and may foster distributional conflict within firms.

The ensuing frustration of reducing consumption and opportunities to improve

one's job, may well expand the scope for social conflict. Lack of security of workers is tied to the economic crises and social conflicts. If workers resent exploitation per se and its increase still more, the old problem of inequality generating social conflict could resurface with a vengeance. Conflicts between firms and employees about payments and wages concern issues on monitoring the work. The welfare state assumes the role of referee in the labor conflicts between firms and workers.

Conflicts between employees concern issues on egalitarian practices.

Conflicts between firms and communities

Studies to analyze community-firm interactions are scarce and can be characterized in two approaches (Engel and López, 2004). The first approach emphasizes conflicts over property rights and focuses on conflict issues and not in the possibility of negotiation or bargaining. Conflicts between firms and environmentalist groups (Burton, 2003), conflicts between landowners and squatters (Alston, Libecap and Mueller, 1999a, b.) and landowners and potential encroachers (Hotte, 2001). A second approach analyzes interactions through a bargaining model. Communities receive from firms a large variation of benefits but also there are conflicts and collusion.

There are some approaches to analyze community-firm interactions conflicts focusing on property rights. Property right may conflict with open-source tenets

Literature on conflict and bargaining endogenously derive the conditions under which community-firm interactions result in conflict or, alternatively, in bargaining agreements. Bargaining or conflict depends on the two parties' outside options, defined as the party's payoffs available when the

bargaining fails (Binmore, 1985). Engel and López (2004) derive endogenously the conditions under which community-firm interaction result in conflict or in bargaining agreements. Linkages between conflict and bargaining outcomes leads to non-trivial changes in the comparative static analysis. Prevalence of bargaining or conflict depends on the parties payoffs available (Binmore, 1985). Improvements in the community's bargaining power vis-à-vis the firm are likely to increase resource extraction that harms the environment. The outside options may be the outcome of a potential war of attrition between the community and the firm. Property rights are considered as the outcome of a conflict and bargaining between the community and the firm.

If power is not well balanced between firm and community may be a reluctant concession to external demands. History of conflicts and weak institutional mechanisms within the government, firm or community is a factor working against firm-community cooperation. Individual deals may be started off in response to conflict between the two parties.

The conflict and bargaining outcomes leads to non-trivial changes in a comparative static analysis. Engel and López, (2004) conclude, "improvements in the community's bargaining power vis-à-vis the firm are likely to increase resource extraction and thereby harm the environment. Moreover, an increase in the wage rate may have continuous or discontinuous effects on the environment, depending on initial conditions. We show that the continuous effect generally corresponds to the standard comparative static intuition (i.e., an increase in the wage rate reduces environmental degradation). The discontinuous effect, however, can be paradoxical and counter-productive."

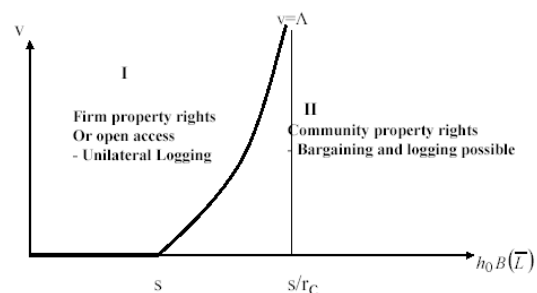
The conflict between the community and the firm is an outcome of property rights.

Under the attrition model, the strategy for the firm involves logging and the strategy of the community is to block. If the community wins, the firm is forced to bargain. Attrition models assume that competing agents follow a strategy to win conflicts. When there is absence of information asymmetries the war can be virtual. Determination of the critical attrition point for each player as the maximum length of the conflict that can afford and the costs involved.

If a community wins the attrition conflict the firm may be forced to bargain sharing the benefits of the exploitation with the community. Burton (2003) using a discrete framework considers the boundary conditions that determine the winner. Bargaining requires two conditions. First, complementarities between the firm (capital and technology) and the community (natural resource and manpower) in terms of access to the factors of production. Second, the community has to be able to enforce its property rights. The asymmetric outcomes are shown in a conflict game in Figure (Engel and López, 2004). Bargaining is possible (area II). Theory of collective action may influence community's ability to face conflict but still negotiation is needed.

Mexico require that firms interested in exploiting natural resources get involved in some form of negotiation with local

Figure 3: Possible outcomes of the pre-bargaining property right game



Source: (Engel and López 2004)

communities, but does not preempt other forms of potentially more conflicting interactions.

Precarious communities suffer more when firms fail. Arrangements between firms and local communities over exploitable natural resources are crucial to prevent long term conflicts. In conflictive situations between firms and communities, social risk may be managed through high impact social spending controlled by democratic decisions. Public information and involvement in decision making in potentially contentious areas may help to avoid the emergence of uncertainty and political conflict.

Competition of mining companies over access to resources can lead to conflicts with communities and mining companies. Conflicts between communities and the mining companies arise from the enormous differences in financial resources, power and cultural background, which entail high costs for all concerned. Mining firms often reduce access by communities to the natural resource and cause significant environmental damage.

Conflicts may develop between landowners and potential encroachers, (Hotte, 2001) and between landowners and squatters (Alston, Libecap and Mueller, 1999a, b). Land conflicts are common in Mexico as the result of past land management policies. Land property rights in Mexico generate conflicts and form a backdrop for understanding much of Mexican history. Socials issue, and land rights conflicts between firms and local communities are spreading throughout the country and will take a long term to solve.

Large firm development policy is creating poverty in forest regions. Broader scale conflicts exist between out growers and pastoralists (Vermeulen, Nawir and Mayers, 2003). There are conflicts and power struggles in Mexican rural communities and

ejidos which consist of groups of families dependent on diverse economic activities such as agriculture, cattle raising, forestry, mining, etc. The resort Hotel Serenidad built on ejidal land in Baja California now claimed by peasants is a conflict that arises out of disputes over land and resources. The struggles for the use of available resources have caused violent conflicts between families. A good example is the community of the ejido El Centenario (Durango) where there were serious internal conflicts. Communities involved in forestry activities are good example of internal conflicts within the community and between neighboring communities.

Firm-community forestry partnerships may be capable of soothing and exacerbate local social conflict rather than ignite it. Forestry enterprises of certified communities by an external agency, reduce these conflicts and tensions and justify the productive project.. Examples of forestry enterprises of non-certified communities are Macuiltianguis, Atepec and Peras in Oaxaca.

Land ownership and transparent land-use allocation and compensation clearly understood by parties reduce conflict between firms and communities. Plantations of timber and oil palm altered the livelihood of the communities, and have created conflict between communities and firms over tenure and allocation of land-use (Suyanto et al, 2004). Large firms who obtained land by force and other less transparent process has resulted in conflict over tenure with communities.

The Chimalapas region is characterized by instability and violent conflicts between local “campesinos” and “outsiders” involved in illegal timber extraction, drug trafficking, land invasion, and cattle ranching (García et al. 1993). Conflicts between Indian communities of the Chimalapas and

outside logging and ranching interests have been ongoing (Russell 1996). Conflict has prevailed between the ejidos and indigenous communities of the Chimalapas and powerful outside interests. To curb out escalation of conflicts among local groups, the Chimalapas communities have protected forest areas and have promoted a policy of accepting all campesinos living in the region requesting their contribution to defend and protect the area.

Conflicts of land tenure between local communities and large firms in Indonesia increased in 1998 where communities as a weapon used fire. During the course of conflicts, local communities frequently burned young plantations established by large companies (Suyanto et al. 2000a). Land tenure arrangements have caused escalating conflicts between different stakeholders over access to and ownership of resources. The role of tenure arrangements and land conflicts affect cattle ranching practices, deforestation and land degradation. The ambiguous communal tenure and problems in delineating boundaries frequently leads to conflicting tenure claims between indigenous communities. Lack of legal mechanisms for the resolution of disputes over land only exacerbates conflicts over natural resource use and control (DeWalt and Rees 1994).

Land tenure conflict between firms and communities, resulting from government policies and practices, is often the motive behind forest and land fires, triggered by the frustrations involved in getting representation in a fair and transparent judicial system. Large-scale plantations must take into account the existing land claims of local communities. Recognizing communal land claims would help minimize conflicts over land allocation. (Suyanto. et al, 2000b)

Consumers have a conflict when their choices are determined by different and opposing characteristics of the same good or

service. It is likely to be a conflict between the objectives of raising welfare and market access increase and falls apart once we move to the case where two or more goods are subject to tariffs. Any reductions in dispersion are good for welfare but bad for market access. If prices are set at too high a level to absorb potential output, a conflict ensues between what businesses pursue and what a community needs.

Social movements organize around conflicts.

Marxist theory supports that all social movements are strategic actors in the social struggles involved in economic conflicts. Touraine found the new central conflict claiming that social movements were central actors in the shaping of society.

The cultural version of social change theory and conflict focuses on the nature of decentralized power and resistance of NSM and rejects the Marxist theory based on class struggle. Critics of the cultural version argue that it "... leaves unresolved the analysis of mechanisms which lead from conflict to action" (Della Porta and Diani, 1999:13). Social movements are informal networks based on shared beliefs and solidarity, which mobilize about conflict issues, through the frequent use of various forms of protest" (Della Porta and Diani, 1999:19). Conflict and protest represent the essential characteristics of the normal state of affairs, which are woven into the fabric of capitalist culture. Culture of indigenous peoples conflict with the culture of capitalism. Violent protest may be uprooted and disorganized

Resource mobilization theory neglects the structural sources of conflict created by NSM, over emphasize the rationality of collective action and the potential of resource rich and self organized groups without entrepreneurship. However, social movements are collective action focusing on conflicts.

Conflicts between firms and environmental groups Burton, (2003) considered the boundary conditions that determined the critical attrition points using a discrete rather than a continuous framework.

Devolution means for communities the possibility to bargain with firms interested in exploiting the resources although it is difficult to prevent conflicting interactions.

Inter-communities and intra-communities conflicts

There are few studies concerned with intra and inter-communal conflicts (Barron, Kaiser and Pradhan, 2004; Boix, 1994) internal civil unrest and sociopolitical instability that affects developing countries.

Underlying the agrarian conflicts affecting intra-communities and inter-communities of rural Mexico are causes such as the power of local politicians known as caciques, intra-community power struggles, armed movements, drug-trafficking, paramilitary forces.

Longstanding unresolved inter-community conflicts lead to incidents of serious violence and impede community development. The social fabric of a community torn apart by conflict, collective work ceases to meet community development. Process of natural resource management by local communities is reflected in the internal conflicts for the communities. Internal conflicts within the community of Chalchijapa, for instance, has resulted in the severance in collaboration with Maderas del Pueblo, a local NGO, established to support and facilitate local peoples' struggles to find solutions in land use conflicts and natural resource management. However, recent political divisions and local conflicts have forced Maderas del Pueblo to abandon their development activities. Support from the municipality may resolve conflicts between

neighboring communities and cattle ranchers who continue to annex Chalchijapa communal lands.

The exacerbation of these conflicts transforms them into inter-community and intra-community violence and accentuates rural poverty. Local governments have failed to guarantee public security, respect for human rights and help the communities to reach a definitive solution to their disputes. Government's will to reach negotiated solutions to social conflicts is subordinated to powerful economic interests.

Conflicts between communities can have a religious background

The levels of vulnerability and insecurity within the conflict affect communities. Small scale conflicts between communities have more deadly consequences given that the nature of conflict has changed by the proliferation of small weapons.

The pattern of conflict between contending social groups is one important factor that most enter into the analytical framework

Multi party conflicts

Conflicts between communities and the state, between communities and owners and between communities and communities are common in several states of Mexico stem from agrarian problems.

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