Corporate Social Responsibility in a mixed oligopoly

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Abstract

This paper investigates how the presence of a CSR firm influences a Cournot oligopoly with pollution. We define as CSR a firm that takes into account not only its profits but also internalises its own share of the externality and is sensitive to the consumer surplus. As a result, the presence of a CSR firm forces the remaining profit-seeking firms to take into account the negative environmental externality, thereby improving social welfare although not enough to ensure the attainment of the first best. Yet, the presence of at least one CSR firm makes the first best Pigouvian taxation more lenient for Cournot firms.

\begin{itemize}
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