THEORETICAL ASPECTS OF ELABORATION THE THEORY OF ANTIMONOPOLY REGULATION

Assist. Ing. Smysl Marek
Silesian University in Opava
School of Business Administration
in Karviná
Karviná, Czech Republic

Abstract: There are two main objects of this paper. The first object is to compare the most important theories and opinions about competition, monopoly and antimonopoly policy. The second object is to summarize some monopoly regulation of these economics theories. All these theories are subdivided into five parts started from the oldest time, e. g. from Aristotle, through mercantilism, early capitalism, theories of A. Smith to the classical Ricardian theories. There is discussed the competition and the origin of the first framework of anti-trust legislation at the break of the 19^{th} and 20^{th} centuries, the Karl Marx's and his followers' theories, the origin of imperfect competition and the system of neoliberal politics.

Key words: monopoly, regulation, antimonopoly policy

The main aim of this paper is to summarize and compare the attitudes towards imperfect competition, special towards monopoly and monopoly regulation of some economics theories. It stands to reason that the attitudes of several theories coherent with monopoly and antimonopoly policy were very different during the process of evolution. Above all the evolution of the last century was focused on the theory of dynamic competition. It was made out that monopoly is also limited by the process of making prices. These findings were the sources of new state regulations activities. It is the point, why to analyze the present situation of monopoly regulation and try to find a new arrangement which will make whole economics more competitive.

1. Evolution of theories of competition, monopoly and antimonopoly policy

The main aim of this chapter is to summarize and compare the attitudes towards imperfect competition, special towards monopoly and monopoly regulation of some economics theories. It stands to reason that the attitudes of several theories coherent with monopoly and antimonopoly policy were very different during the process of evolution. Above all the evolution of the last century was focused on the theory of dynamic competition. It was made out that monopoly is also limited by the process of making prices. These findings were the sources of new state regulations activities. It is the point, why to analyze the present situation of monopoly regulation and try to find a new arrangement which will make whole economics more competitive.

1.1. The oldest theories of monopoly

Adam Smith is writing about monopoly in his An Inquiry into the Nature and Causes of the Wealth of Nations like about an individual or a trading company. This company has the same effect as a secret in trade or manufactures. The monopolists, by keeping the market constantly under-stocked, by never fully supplying the effectual demand, sell their commodities much above the natural price, and raise their emoluments, whether they consist in wages or profit, greatly above their natural rate.

The price of monopoly is upon every occasion the highest which can be got. The natural price, or the price of free competition, on the contrary, is the lowest which can be taken, not upon every occasion, indeed, but for any considerable time together. The one is upon every occasion the highest which can be squeezed out of the buyers, or which, it is supposed, they will consent to give. The other is lowest which the sellers can commonly afford to take, and at the same time continue their business (Smith, A., An Inquiry into the Nature and Causes of the Wealth of Nations, 1976, p. 78).

In the accordance with was written above, wrote Smith that only state could stop the evolution of beginning monopoly. It helped to creative the origin of the first framework of anti-trust legislation.

As Smith was averse to restrains on international trade, so also he was opposed to those on domestic commerce and with colonies. In an age when restrictive preferences, privileges and state grants of monopoly were commonplace, he opposed them all. He also opposed private combinations of producers and workers, although, in a characteristic aside, he noted that there were more laws against combinations by the sellers of labour than against the similar practice by the merchants and manufacturers who employed them. He was not, however, entirely optimistic as to the possibility of contending with private combination. The impulse to such association was strong. In another deathless passage he observes that people of the same trade seldom meet together, even for merriment a diversion ends in a conspiracy against the public, or in some contrivance to raise prices. It is impossible, he says, to prevent such meetings, by any law which either could be executed, or would be consistent with liberty and justice. But though the law cannot hinder people of the same trade from sometimes assembling together, it ought to do nothing to facilitate such assemblies, much less to render them necessary.

A century later, what Smith thought impossible would, after a fashion, be attempted in the United States, and the effort would continue for another hundred years. The Sherman Act and later legislation would forbid those of the same trade, even when gathered for merriment and diversion, form discussing, much less agreeing upon, prices. The prohibition would encounter not a few of the difficulties tat smith foresaw.

From Smith has come the commitment to competition as a principle in all capitalist societies – competition that is presumed to ensure optimal industrial performance. Considerably less influential has been Smith’s warning as to the institution that, along with the state it might destroy competition. This was the state chartered company – the corporation. Where it had monopoly privileges, as in the colonial era, he was especially critical. But he also thought little of its efficiency. He would be appalled at a world where, as in the United States, a thousand corporations dominate the industrial, commercial and financial landscape and are controlled by their hired management, something Smith thought especially to be deplored. He says, that being the managers’ father of other people’s money than of their own, it cannot well be expected, that they should watch over it with the same anxious vigilance with which the partners in a private copartner frequently witch over their own (Galbraith, A History Of Economics, 1987, p. 70).

1.2. First framework of antitrust law on the break of the 19th and 20th century

On the break of the 19th and 20th century was necessary to start managing the regulation of the monopoly. The competition necessitated to its own destruction. The biggest companies tried to make the lowest prices as was possible and wonted to get exoteric market. So they tried to place another market with new products and services. Because of stronger and stronger competition these companies' costs were pushed lower. The levels of these costs were lower than the demand enabled.

It has been one of the principles of free-enterprise economic philosophies that monopolies are, as a general rule, undesirable and need to be strictly controlled. This is not to say that the advantages of monopolistic supply in certain specific areas have not been recognized; it is rather a case of ensuring that monopolies are restricted to these areas and, at the same time, taking the necessary steps to prevent them from exploiting the consumer. A case in point is the natural-gas industry. It is clear that a situation in which individual consumers could obtain their gas supply from competing companies, through competing pipelines and distribution systems, would be a highly wasteful form of competition. The idea of a single supplier, therefore, makes sense in economic terms. In order to prevent the consumer from being exploited, the monopoly's ability to control prices and supply needs to be restricted. This has generally been the view taken of firms operating as public utilities or in technical fields that invite a natural monopoly.

The owners of monopoly fixed the prices of their commodity with exclusive reference to the immediate net revenue which they can derive from it. The increased use of their commodity will before long recoup them for their preset loss. So it is clear that is wanted of calculations by which monopolists should govern their actions, on the supposition that he regards an increase of consumers' surplus as equally desirable to them. In case that the customer's surplus is added to the monopoly revenue derived from it, the sum of the two is the money measure of the net benefits accruing from the sale of the commodity to producers and consumers together. And if the monopolist regards a gain to the consumers as of equal importance with an equal gain to himself, his aim will be to produce just that amount of the commodity which will make this total benefit a maximum. The amount which the monopolist will offer for sale will be greater and the price at which he will sell it will be less if he is to any extent desirous to promote the interests of consumers (Marshall, Principles of Economics, 1961, p. 402). These conditions conveyed to the origin of the first antitrust legislation. The first most famous law leaded to curb concentrations of power ant restrict trade and reduce economic competition were proposed by Sen. John Sherman.

Accordingly, most free-enterprise economic systems have an elaborate framework of laws and regulations aimed at controlling monopoly. The oldest and probably the most vigorous monopoly control legislation are represented in the U.S. antitrust laws. Consisting primarily of the http://search.eb.com/eb/topic?idxStructId=540115&typeId=13Sherman and http://search.eb.com/eb/topic?idxStructId=120766&typeId=13Clayton antitrust acts and the http://search.eb.com/eb/topic?idxStructId=101554&typeId=13Celler-Kefauver Act, they are aimed at preventing agreements among suppliers, the effect of which would be to limit competition, and at preventing mergers between and acquisitions by and of firms, the result of which would be to lessen competition or to create a monopoly. The legislation provides for stiff civil and criminal penalties, and most administrations have tended to enforce the laws vigorously. In areas where monopoly is countenanced, such as in public utilities, a considerable degree of public control is exercised to ensure that monopoly power is not abused. In Great Britain the basic aims of the anti-monopoly legislation are similar to those of the United States, but much greater weight is given to the concept of the public interest. In the United States, any agreement or act that limits competition is regarded as undesirable, but in Great Britain and other west European countries such acts are accepted if they can be demonstrated to be in, or not to be against, the public interest. In general terms, the degree of monopoly tends to be relatively small in the United States; it is considerably more pronounced in Britain, France, and other parts of Europe, where among operating monopolies are a large number of state-owned enterprises (Encyclopedia Britannica Online, http://search.eb.com/eb/article?tocId=9067322).

The Sherman Antitrust Act of 1890, which declare illegal all attempts to monopolize any part of trade or commerce in the U.S. initially used against trade unions, it was more widely enforced under press. Theodore Roosevelt. In 1914 Congress strengthened the act with the Clayton Antitrust Act and the formation of the Federal Trade Commission. In 1920 the U.S. Supreme Court relaxed antitrust regulations so that only "unreasonable" restraint of trade through acquisitions, mergers, and predatory pricing constituted a violation. For instance we can mention some others antitrust acts: The Clayton Antitrust Act of 1914 outlawed unfair price discrimination, interlocking directorates, and holding companies , as amended in 1936 by the Robinson-Patman Act, prohibits discrimination among customers through prices or other means; it also prohibits mergers or acquisitions whenever the effect may be to substantially lessen competition. A 1950 amendment to the Clayton act forbade a corporation to purchase another corporation's assets or stock, if doing so would reduce competition. Labour unions are also subject to antitrust laws (Encyclopedia Britannica Online, http://search.eb.com/ebc/article?tocId=9378482).

In the absence of competition, the supplier usually restricts output and increases price in order to maximize profits. The concept of pure monopoly is useful for theoretical discussion but is rarely encountered in actuality. In situations where having more than one supplier is inefficient (e.g., for electricity, gas, or water), economists refer to natural monopoly. For monopoly to exist there must be a barrier to the entry of competing firms. In the case of natural monopolies, the government creates that barrier. Either local government provides the service itself, or it awards a franchise to a private company and regulates it. In some cases the barrier is attributable to an effective patent. In other cases the barrier that eliminates competing firms is technological. Large-scale, integrated operations that increase efficiency and reduce production costs confer a benefit on firms that adopt them and may confer a benefit on consumers if the lower costs lead to lower product prices. In many cases the barrier is a result of anticompetitive behavior on the part of the firm. Most free-enterprise economies have adopted laws to protect consumers from the abuse of monopoly power. The U.S. antitrust laws is the oldest examples of this type of monopoly-control legislation; public-utility law is an outgrowth of the English common law as it pertains to natural monopolies. Antitrust law prohibits mergers and acquisitions that lessen competition. The question asked is whether consumers will benefit from increased efficiency or be penalized with a lower output and a higher price.

1.3 Karl Marx and his followers

Marx was unaware of the existence of monopoly in the British economy of his day. He treated monopolies not as essential elements of capitalism but rather as remnants of the feudal and mercantilist past which had to be abstracted from in order to attain the clearest possible view of the basic structure and tendencies of capitalism. It is true that, unlike the classicists, Marx fully recognized the powerful trend toward the concentration and centralization of capital inherent in a competitive economy. His vision of the future of capitalism certainly included new and purely capitalist forms of monopoly. But he never attempted to investigate what would at the time have been a hypothetical system characterized by the prevalence of large-scale enterprise and monopoly.

By accidental monopoly we mean a monopoly which a buyer or seller acquires through an accidental state of supply and demand. The assumption that the commodities of the various spheres of production are sold at their value merely implies, of course, that their value is the centre of gravity around which their prices fluctuate, and their continual rises and drops tend to equalize. There is also the market value—of which later—to be distinguished from the individual value of particular commodities produced by different producers. The individual value of some of these commodities will be below their market-value (that is, less labour-time is required for their production than expressed in the market-value) while that of others will exceed the market-value. On the one hand, market-value is to be viewed as the average value of commodities produced in a single sphere, and, on the other, as the individual value of the commodities produced under average conditions of their respective sphere and forming the bulk of the products of that sphere. It is only in extraordinary combinations that commodities produced under the worst, or the most favorable, conditions regulate the market-value, which, in turn, forms the centre of fluctuation for market-prices. The latter, however, are the same for commodities of the same kind. If the ordinary demand is satisfied by the supply of commodities of average value hence of a value midway between the two extremes, then the commodities whose individual value is below the market-value realize an extra surplus-value, or surplus-profit, while those, whose individual value exceeds the market-value, are unable to realize a portion of the surplus-value contained in them (Marx, K., Capital Vol III., London, UK: ElecBook, 2001, http://site.ebrary.com/lib/oulu/Doc?id=2001686&page=235). It does no good to say that the sale of commodities produced under the least favorable conditions proves that they are required to satisfy the demand. If in the assumed case the price were higher than the average market-value, the demand would be smaller.

Finally, if equalization of surplus-value into average profit meets with obstacles in the various spheres of production in the form of artificial or natural monopolies, and particularly monopoly in landed property, so that a monopoly price becomes possible, which rises above the price of production and above the value of the commodities affected by such a monopoly, then the limits imposed by the value of the commodities would not thereby be removed. The monopoly price of certain commodities would merely transfer a portion of the profit of the other commodity-producers to the commodities having the monopoly price. A local disturbance in the distribution of the surplus-value among the various spheres of production would indirectly take place, but it would leave the limit of this surplus-value itself unaltered. Should the commodity having the monopoly price enter into the necessary consumption of the labourer, it would increase the wage and thereby reduce the surplus-value, assuming the labourer receives the value of his labour-power as before. It could depress wages below the value of labour-power, but only to the extent that the former exceed the limit of their physical minimum. In this case the monopoly price would be paid by a deduction from real wages (i. e. the quantity of use-values received by the labourer for the same quantity of labour) and from the profit of the other capitalists. The limits within which the monopoly price would affect the normal regulation of the prices of commodities would be firmly fixed and accurately calculable. (Marx, K., Capital Vol III., London, UK: ElecBook, 2001, http://site.ebrary.com/lib/oulu/Doc?id=2001686&page=1153).

Engels, in some of his own writings after Marx's death commented on the rapid growth of monopolies during the 1880s and 1890s, but he did not try to incorporate monopoly into the body of Marxian economic theory. The wholesale merchant, Engel, says quite correctly, that efforts of the syndicate are intended to create a monopoly for itself and to eliminate the wholesale trade entirely. Naturally prices will not be any lower for the retailer. If the motives were not to obtain for the factory and the syndicate the same benefits which accrue to the wholesale merchant, the whole movement would be without purpose (Hilferding, R., Finance Capital, London, 1981, p. 416).

The first who incorporate monopoly into the body of Marxian economic theory was Rudolf Hilferding in his important work, Das Finanzkapital, published in 1910. But for all his emphasis on monopoly, Hilferding did not treat it as a qualitatively new element in the capitalist economy; rather he saw it as effecting essentially quantitative modifications of the basic Marxian laws of capitalism. We must recognize that competition, which was the predominated form of market relations in nineteenth-century Britain, has ceased to occupy that position, not only in Britain but everywhere else in the capitalist world (Baran A. P., Sweezy, M., Monopoly Capital, Suffolk, 1966, p. 416).

Rudolf Hilferding writes about protective tariff, which means a constriction of the economic territory, and hence an interference with the development of the productive forces, since it reduces the size of industrial plants, discourages specialization, and impedes, finally, that international division of labour which brings about a flow of capital into those branches of production for which a given country is best suited. This is all the more important in the case of the modern high protective tariff since the tariff rates are frequently fixed less of regard for the technical conditions of production which prevail in particular branches of production, than as the outcome of a political struggle for power among various industrial groups whose influence upon he state ultimately determines the tariff structure. The tariff is a brake upon the development of the productive forces and hence of industry. It means direct deprives industries which are capable of being cartelized of their monopoly of the domestic market, if that monopoly is not already assured by protected freight rates in the case of coal or by a natural monopoly in the case of German potash production (Hilferding, R., Finance Capital, London, 1981, p. 312).

1.4 Neoclassicism

In the market for consumer's goods a relatively small number of sellers face a large number of buyers, so that the imperfection of competition tells in favor of the sellers. In the labour market the position is reversed. Thus the share of labour in total output is ground between the upper and the nether millstones of monopoly and monopsony. This account of the matter bears a close resemblance to the theory of Lexis, quoted by Engels in the preface to Volume III of Capital. He writes that the capitalist sellers, such as the producer of raw materials, the manufacturer, the wholesale dealer, the retail dealer, all make a profit on their transactions, each selling his product at a higher price than the purchase price, each adding a certain percentage to the price paid by him. The labourer alone is unable to raise the price of his commodity, he is compelled, by is oppressed condition, to sell his labour to the capitalist at a price corresponding to its cost of production, that is to say, or the means of his subsistence. Further he writes therefore that capitalist additions to the prices strike the labourer with full force and result in a transfer of a part of the value of the total produce to the capitalist class. Engels gives (though grudgingly) his approval to this formulation which amounts to the same thing as the Marxian theory of surplus-value. Lexis thus provides a bridge between Marx and the later theory. For Marx's scheme under-capacity working is impossible and the limit to the output of any concern is set, not by the imperfection of the market, but by the capacity of capital. The post dated theories exposed many relatively minor defects in capitalism which Marx, concentrating on major issues, was content to ignore.

The theory is good enough for purposes of a general discussion of the nature of the system. Where outright monopoly rules, or where a group of commodities is produced by a few powerful firms, there is great scope for individual variations in policy, and it is hard to make any generalization at all as to what governs the margin of profit per unit of output.

All this makes a serious breach in the smooth surface of the orthodox theory of value, and it seems that economic science has not yet solved its first problem – what determines the price of a commodity?

In this first statement of the theory of value Marshall wrote, that the great central law o economic science is that producers, each governed under the sway of free competition by calculations of his own interest, will endeavor so to regulate the amount of any commodity which is produced for a given market, during a given period, that this amount shall be just capable on the average of finding purchasers at a remunerative price, a remunerative price being defined so as to allow for normal profits on capital. This statement may be taken to mean two quite different things. It may mean that each producer, governed by calculations of his own interest, endeavors to maximize the profit, at each moment, on his current rate of output, by balancing marginal cost against margin gain.

The other interpretation is that each producer endeavors to fix, not the price which maximizes his current profit, but the price which will be remunerative in the long run. This at first sight seems plausible, but it entirely begs the question of normal profits on which, as we have seen, academic economics fails to provide any theory which is relevant to the real world. Moreover, even if the question of normal profits were settled, it would still remain to inquire what level of utilization of equipment is normal in the long run. Generally speaking, the lower the level of utilization, good years with bad, and the higher gross margin required to bring in any given level of profits. But the higher the gross margin, other things equal, the lower the level of utilization, for given the expected fluctuations in demand, the amount of capital seeking employment in the industry is governed by the gross margin established in the market. And the amount of capital employed influences the average utilization per unit of capital. The three determinants, profit per unit of output, profit per unit of capital, and capital per unit of output, ale all interdependent, and the whole analysis dissolves in a haze of doubt.

The Marxian theory might yield the explanation that the development of trade-union power has been just sufficiently rapid to prevent the rate of exploitation from rising with the productivity of labour, while the academic theory suggests that a secular rise in monopoly has been just offset by a relative fall in raw-materials prices. Both explanations are somewhat lame, and the mystery of the constant relative shares remains as a reproach to theoretical economics (Robinson, J., An essay on Marxian economics, New York, 1967, p. 81).

1.5 Ordoliberalism and dynamic theory of competition

The determination of the value of the monopoly is a special problem, and in solving it we must not forget that in the normal circular flow no motive to form such a value exists, hence the gain is not to be related to any other magnitude. However all this may be, the monopolist can at any rate never say that they make no profit because they ascribe an extremely high value to their monopoly.

In a discussing Lauderdale's theory of interest Böm-Bawerk also comments upon the case in which a labor-saving and hence profit-yielding machine is monopolized. He emphasizes rightly that this machine will be so dear that no profit, or only the minimum which will just induce people to purchase or hire it, will be connected with its employment. Yet a profit is undoubtedly connected with its production, which is as permanent as the patent. It might be said that the monopoly position is for the monopolist something analogous to a productive factor. Imputation takes place with reference to the services of this quasi-factor of production just as with reference to other factors. The machine as such is not a source of surplus value, nor is its means of production, but the monopoly makes it possible to obtain a surplus value with the machine or its means of production. Obviously nothing is changed if we allow producer and user to coincide in one person. There would be a source of surplus value the existence of which would be explained by the theory of monopoly; there would also be a reason for the assignment of a return to monopolists; and finally the fact that neither imputation nor competition annihilates the return would be explained. However, such monopoly positions do not occur regularly and numerously enough for this explanation to be accepted, and moreover interest exists without them.

There are several designs for escaping market discipline, including that imposed by younger, more adaptable, more aggressive competitors. The first is a return to tariff protection. Faced with foreign competition, the great industrial corporation seeks tariffs and also quotas that will release it from the pressure of market constraints. After ceremonial praise of the free market, the need for a worthy exception is urged. A revival of protectionist sentiment and legislation in the older industrial countries having already occurred in the present, it will do so to even greater degree in the future. Once protective tariffs were for infant industries, now they are for the old and putatively senile.

A second well-established design for dealing with competition is simply to take it over. This is the purpose of the international or multinational corporation. It has long been thought that the latter is an instrument of aggression, even imperialism, on the world stage. Far more important is its protective purpose, its profoundly important service as an escape from the constraints of the market.

Evading market discipline is increasingly apparent in a third design, this is for the older bureaucratically and intellectually more rigid enterprise to assign to firms in the newer industrial lands work that can no longer be performed competitively in the older countries.

Another and final recourse available to aging and inefficient private enterprises is to seek forthright intervention by the government. This, in practice, goes far beyond protection from foreign competition. In the United States the Reagan administration has repeatedly set aside its free market rhetoric to come to the fescue of failing banks and needful exporters and, at unprecedented costs, to protect farmers from the free market. Again there is first the speech on the eternal verities of tree enterprise and then the case for the particular exception (Galbraith, J., K., A History Of Economics, London, 1987, p. 294).

We conclude that sunk costs, unlike fixed costs; can constitute a barrier to entry. In particular, we argue now that fixed costs need not have any detrimental welfare consequences, unless they also happen to be sunk. In an industry whose firms use only capital on wheels or winks, some or all of that capital may be fixed, bud it is not sunk. This means that in the absence of other entry barriers, natural or artificial, an incumbent, even if he can threaten retaliation after entry, dare not offer profit-making opportunities to potential entrants because an entering firm can hit and run, gathering in the available profits and departing when the going gets rough. Such a situation fits our definition of a contestable market, that is, a market vulnerable to costless reversible entry, even when it is currently occupied by an oligopoly or a monopoly. The contestable market is a generalization of the case of pure competition, and it offers many of the same benefits. Even if it is run by a monopoly, a contestable market will yield only zero profits and offer inducements for the adoption of Ramsey-optimal prices; an addition, it will enforce efficiency of production, the adoption of new improved techniques as they become available, and avoidance of cross subsidy in pricing .

This resolves the apparent contradiction between our conclusion that fixed costs of sufficient magnitude permit the incumbent to adopt entry preventing prices and the preceding assertion that, in themselves, they constitute no barrier to entry. The availability of sustainable prices does permit the incumbent to preclude entry. But he can do so only by offering the public the very same benefits that actual competition would otherwise have brought with it. With entry barriers, supernormal profits, inefficiencies, cross subsidies, and no optimal prices all become possible. But in a contestable market, which is perfectly consistent with the presence of fixed costs that are not sunk, matters change drastically, and government intervention can contribute far less, if anything, to the general welfare (Galbraith, J., K., A History Of Economics, London, 1987, p. 292).

2. The Method Corporate Social Responsibility

In a large number of scientific literatures is written that method CSR has three basic areas of field of actions. It is economic, social and environmental area. For the thesis occasions we will abstract from the environmental area and will focus on the economic and social aspects. It is necessary to be aware of the fact, that monopoly are not scathe full for economic and for society. The existing of monopoly is a natural result of competition. So it should be useful to find the way how to cooperate with monopolies without negative impact on the society and economics. The second goal of this thesis is to describe the way how to minimize the number of regulation activities from the government in Czech Republic.

2.1. The Method CSR

Why should companies care about their social and economics responsibilities? There are a few aspects why to use CSR by managing corporate. The moral ones tend to be quite clear, while the financial ones are still more difficult to measure. They are usually referred to as the business case for CSR.

The business case for CSR argues that a responsible attitude toward society and the environment can make a business more competitive, more resilient to shocks, and more likely to attract and hold both consumers and the best employees.

In a world where socially responsible investment is growing, it can also attract investment and save businesses money in dealing with regulators, banks and insurers.

Some companies also feel that CSR is a significant part of their risk management and reputation strategy. In a world where brand value and reputation are increasingly seen as a company's most valuable assets, CSR can build the loyalty and trust that ensure a bright sustainable future.

The method CSR is good not only for society but also for a doing good business. Better understanding of the potential benefits of CSR for the competitiveness of individual companies and for national economies can help encourage the spread of CSR practice. The Department for Trade and Industry and some other departments have therefore supported work exploring the business case for CSR. These cases will be mentioned in the last chapter of the doctoral thesis after thoroughgoing tuition with experts.

Business principles convey the basic reasons for a company's existence as well as how it carries out its role. They link a business's core purpose and values to its operations by providing guidance on decision-making processes, strategic goal setting and behaviors. Business principles serve as a central and always-present frame of reference for organizational decisions.

Business principles may be articulated using any combination of statements and may include among others: mission, vision, and values statements, codes of conduct, business principle statements, etc. Regardless of what they are called or how an individual company groups their business principles together, it is through such statements that many companies have chosen to demonstrate their commitment to the larger notion of corporate social responsibility. Such statements extend a company's responsibility beyond return to shareholders to include an acknowledgement of its responsibilities to a broad range of stakeholders throughout society including employees, customers, business partners, communities and the environment (BSR Staff: Business Principles, Business for Social Responsibility, http://www.bsr.org/CSRResources/IssueBriefDetail.cfm?DocumentID=48977).

2.2. Business importance

As with any company-wide action, the articulation of business principles should be grounded in a clear understanding of how they provide short and long term value to the company in both externally and internally focused ways. Here are some of the benefits that companies experience from having clearly articulated business principles:

Organizational Touchstone: Companies are now increasingly attempting to establish a set of holistic, explicit statements that reflect an interlinked set of values and commitments. This shift towards a world-view that recognizes the interrelated nature of stakeholder issues can provide a central comprehensive reference point for company-wide strategy as well as broader acknowledgement and consideration of stakeholder expectations. Employees attached to different functional aspects of an operation may become linked by a common set of organizational ideals expressed through business principles. This common set of beliefs can in turn contribute to a sense of cultural cohesion and social solidarity in a company otherwise characterized by a decentralized structure with thousands of employees dispersed across the globe.

Values-based Decision-Making: Companies that institutionalize a values-based decision-making process can proactively address a broad range of legal and ethical dilemmas. Clearly defined values, when integrated into a company's organizational infrastructure, provide employees with the necessary tools and conceptual framework to make independent decisions in their daily operations that are consistent with the company's underlying values. As a result, these companies reduce their vulnerability to misconduct and the damage this can do to management focus, profitability, brand image, and overall reputation. It cannot be overstated, however, that business principles will only serve this function when successfully communicated to all employees and integrated into decision-making infrastructures. Only then can they be used successfully as a vital tool to guide decision-making at all levels of the company - from the executive office to the shop floor - and throughout a company’s supply chain.

Greater Employee Commitment and Motivation: A stated and demonstrated organizational commitment to responsible values and principles can help employees find meaning and purpose in their work and help them link their individual efforts to those of the company as a whole. Studies show that this perception of shared values and purpose at all levels of the company contributes to organizational performance by inspiring feelings of commitment, contributing to increased retention, as well as helping to attract prospective employees.

Findings from additional research conducted by BSR (Business for social responsibility) underscore that employees have more positive feelings about their work and themselves - and as such demonstrate a stronger commitment to their workplace - when they believe that the company they work for demonstrates good values and ethical practices. In contrast, other evidence points to a possible crisis of confidence within the workforce.

Point of Reference for External Stakeholders: When a company articulates its business principles, it enables stakeholders to know exactly where it stands on relevant issues, thereby taking the first crucial step in aligning internal operations and external expectations. This sharing of information regarding a company’s values and positions can benefit its relationship with several different stakeholder groups:

Enhanced Customer Loyalty: Increasingly, customers are factoring companies' business practices and perceived values into purchasing decisions. Several companies that are typically associated with values-based business practices in the media and by consumers credit their commercial success, in large part, to brand loyalty among customers who support the company's values and mission. Indeed, mounting evidence points to a belief on the part of consumers that companies have a significant responsibility to society that extends beyond the simple delivery of affordable products or services. A 2002 survey in 25 countries by Environics International found that more than one third of surveyed consumers believed that large companies “should do more than give money to solve problems.” The same study found that almost 50 percent of consumers had considered punishing a company based on its social actions, and that nearly 30 percent had actually avoided a company for that reason. Further, public relations firm Quentin Bell Organization asserts that two in three U.K. consumers have boycotted at least one brand for “perceived unethical behavior.” 95 percent of those consumers say they’ll never purchase those brands again, while 10 percent follow up by writing letters and signing petitions (CSR facts and figures, CSR Europe Organization, http://www.csreurope.org/aboutus/CSRfactsandfigures_page397.aspx).

Supplier Alignment and Loyalty: Businesses with global supply chains are experiencing increased stakeholder pressure to take greater responsibilities for the activities of their suppliers and other business partners. Business principles may serve as a useful tool through which a company can communicate its expectations to suppliers regarding their conduct. It is becoming increasingly common for companies to require suppliers through contract language to agree to operate according to a set of social and environmental-related criteria or face the possible termination of the relationship.

Starting Point for Dialogue with Public Interest/Activist Groups: The public release of business principles often represents the starting point from which a dialogue between companies and organizations concerned with their operations begins. It is particularly important that such language is backed up by recognizable performance related to the business principles. Companies must "walk their talk" (or be prepared to), or potentially face damaging consequences such as negative publicity and impact to their credibility. A company's decision to publicize its business principles, however, can help it lay the foundation for a public-private relationship based on trust.

2.3 Another impacts of using CSR

CSR can also help to reduced absenteeism and save companies money through increased productivity and by a reduction in hiring and training costs. For example, companies that improve working conditions and labour practices among their offshore suppliers often experience a decrease in defective or unsellable merchandise.

Using the CSR as part of a corporate business strategy can result in high efficiency in operations, for instance, improved efficiency in the use of energy and natural resources; reduced waste such as reducing emissions of gases; and selling recycling materials.

3. Application of The Method Corporate SOCIAL Responsibility

On the basis of above described method, it is gone to be elaborated the dissertation thesis on the topic ‚Theory of antitrust regulation - application on The Czech Republic'. The solitary approach of CSR is very wide and that is why the attention is going to be paid only to the analysis of the cost elements in the monopoly area of the Czech Republic. The aim of any economically advanced country is not the effort to eject the monopoly from the market. The perception of the monopoly existence as something bad or absolutely ineligible is wrong. We have to realize that the monopoly is one of the basic market structures which are not itself economically or socially harmful. It depends on the internal or external elements - control apparatus and control precautions in order that there would be never reached the misuse of privilege of the company position on the market. On this basis is going to be analyzed the social capacity of existence of the selected monopoly, it is going to be discovered its extent of its dominance in the market and the level of the social capacity. For this purpose is going to be made the analysis of government control precautions and its following description. The supposed aim is to find the precautions which were more successful in the past. Thanks to detailed study of particular control standards will be possible to appoint which precautions were less efficient and which were even useless. In the last seventeen years were made a lot of these precautions. The other problem which relates to the monopoly existence is ‚exploitation of small and middle companies which co -

operate with the monopoly. In some cases we cannot discuss this fact and it is going to be very difficult to prove it and try to eliminate it. This is the fact when the small and middle companies are for example the sub-suppliers of the monopoly and compared to monopoly they carry out the minimum or almost zero profit. This situation comes when the monopoly strictly dictates the trading conditions and the sub-supplier is forced to accept them because of his position in the market. In case the sub-supplier does not accept the trade conditions it means the loss of demand for the sub-supplier. I would like to propose this subparagraph as a subject of the discussion and I would be very pleased if there are any factual suggestions how to work with this problem and how to solve it.

The increasing number of European enterprises develops own strategies of shared social responsibility as a reaction to whole range of social, economic and environmental oppressions. Their aim is to send the signal to different stakeholders whereby they have to face: employers, share holders, investors, consumers, public administration and non government organizations.

REFERENCES

1.	Aristotle	Politics, with an English translation by H. Rackaham, Harward university press, London, 1977. ISBN 0-674-99291-1
2.	Baran A., P.,Sweezy, M.	Monopoly Capital, The Chaucer Press, Suffolk, 1966
3.	Baumol, J., W., Panzar, C., J., Willig, D., R.	Contestable Markets and the Theory of Industry structure, Harcourt Brace Jovanovich, New York, 1982. ISBN 0-15-513910-X
4.	Galbraith, J., K. A	History Of Economics – The past as the present, Butler and Tanner, London, 1987. ISBN 0-241-12388-7
5.	Hilferding, R.	Finance Capital, textual editor T. Bottomore, Boston and Henley, London, 1981. ISBN 0 7100 0618 7
6.	Jacobs, D., M., Stewart-Clark, J.	Competition Law in the European Community, London: Kogan Page Ltd, ISBN 1-85091-972-0
7.	Kandogan, Y.	'Models of Competition Between One For-Profit and One Non Profit Firm', Carl university in Prague, Working Paper, No. 240, ISSN 1211-3298, October 2004
8.	Kováč, E.	'Tying and Entry Deterrence in Vertically Differentiated Markets', Carl university in Prague, Working Paper, No. 266, ISSN 1211-3298, August 2005
9.	Liefman, R.	Kartelle und Trust und die Weiterbildung der volkswirtschaftlichen organisation, EHM, Stuttgart, 1920
10.	Marshall, A.	Principles of Economics, Macmillan and Co., London 1961
11.	Marx, K.,	Capital Vol. III., London, UK: ElecBook, 2001, http://site.ebrary.com/lib/oulu [Accessed 15.06.2005]

12. Ricardo, D. The Principles of Political Economy and Taxation, J. M. Dent and sons, London, 1962
13. Robinson, J. ., An essay on Marxian economics, St. Martin's press, New York, 1967
14. Smith, A. An Inquiry into the Nature and Causes of the Wealth of Nations, textual editor W. B. Todd, Clarendon press, Oxford 1976. ISBN 0-19-828184-6
15. Stelzer, I, M. Selected Antitrust Cases, Fifth Edition, Georgetown, Ontario: Irwin-dorsey Limited, ISBN 0-256-01831-6
16. Sylos-Labini, P. The Forces of Economic Growth and Decline, Cambridge press, London, 1984. ISBN 0-262-19224-1
17. Vickers, J. Concepts of Competition, Oxford: Clarendon Press, ISBN 0-19-952263-4
18. * * * Encyclopedia Britannica Online, http://search.eb.com/eb/article?tocId=9067322 [Accessed 15.06.2005]
19. * * * Trade-related Legislation 1996, Economic Competition, consumer Protection, translated by Trade Links, Prague
20. * * * 'CSR facts and figures', CSR Europe Organization, http://www.csreurope.org/aboutus/CSRfactsandfigures_page397.aspx [Accessed 15.02.2006]
21. * * * BSR Staf: 'Business Principles', Business for Social Responsibility, http://www.bsr.org/CSRResources/IssueBriefDetail.cfm?DocumentID=48977 [Accessed 15.02.2006]