

A Personal Reflection on the Sustainability of Regions



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Elena Sadovnikova, Independent expert, RSA member.

This note attempts to consider possible ways to increase the stabilisation of the regional situation in the context of the emergence of crisis phenomena leading to acute negative consequences of industrial, economic, social, and other natural factors accompanying such crises. The sustainability of a region presupposes its stable development following appropriate plans and programs for the interests and quality of life of the people living in it. The implementation of such programs is highly dependent on their financial support. Here, I would like to dwell on the paradoxical dual role of influential players, namely, organisations, companies and enterprises of significant scale, global corporations that significantly contribute to the region's budget through taxes. They are often seen as benefactors, increasing

employment, providing significant jobs, and doing helpful philanthropy. As a rule, the presence of a large enterprise in a region is welcomed and considered good luck, especially in small regions. Indeed, in stable conditions, the role of a powerful player is positive: taxes flow into the budget constantly, and unemployment is low.

Only small businesses are washed out, unable to withstand competition, but more on that separately. However, the activities of large companies are confidently carried out only during a period of stability; when a crisis occurs (due to various factors), the situation rapidly turns in the opposite direction. After all, a powerful company has a significant monopolising influence on the employment structure in the region and the unemployment rate. This means that unemployment will immediately increase during a crisis due to job losses, and the volume of taxes collected will fall due to a reduction in production. The larger the player, all the region's systems will feel the more extensive the harmful damage during the crisis, and the higher the losses of the region and the loss of its stability in many respects. A global corporation, whose main goals are profit, market expansion, and production, will pursue only its technical goals without paying attention to workers. It lacks regional responsibility and empathy for the population.

A big blow is dealt to the social well-being of the population: moods of anxiety and despair are growing, hope for the future is lost, and a massive depressive scenario of hopelessness and misfortune arises. The reader will say that these are truisms, but here, I want to remind you of the players and their existing roles and propose a different approach to their interaction, both during the crisis and long before. It is proposed to partially but closely link the interests of the region, companies and population through a common instrument of cohesion, which should soften the crisis drama. Let me explain. I will call this instrument the Crisis Damping Fund (CDF).

When a crisis occurs, the implementation of regional development programs becomes difficult. Roads, hospitals, schools, libraries, social assistance, assistance to small businesses, etc. – all these programs must be curtailed due to financial shortages. And this is where the CDF comes to the rescue. The CDF's money began to be spent on supporting regional programs, starting from the dark moment of the crisis unfolding. Determining this point is a separate task for experts and scientists; this is not the task of my note but can be carried out independently in each region. Regional experts also determine the priority of

implementing the CDF's programs during a crisis. The content, ranking and implementation of these programs should be regularly and in detail covered in the public press, TV, and other sources, supporting the situation with information. How are the CDF's finances formed? When a company enters the region, a one-time entry fee is paid to the Crisis Damping Fund as a sign of gratitude to the region where it will work and strengthen it.

I will note here that the formation and activities of the CDF have nothing to do with the existing tax system and solve problems other than just the financial ones of the territory, which we will discuss below. The entry fee is not a charity and is determined by the regional leadership depending on the potential of the incoming company. In the future, a reasonable amount will be automatically and regularly withdrawn from the companies' accounts and accumulated in the CDC. The CDF's money will not be wasted in quiet times but can temporarily work in investment programs with calculated risk, on deposits, can be used as guarantees, etc., bringing additional funds to the CDF. Another important thing is that when a crisis occurs, enterprises cut jobs, and their workers will not be laid off but will take jobs to carry out planned regional programs and projects. The region will provide jobs, and payment will be made from money concentrated in the Crisis Damping Fund.

The acute social situation will be mitigated, people will know in advance about the assistance provided to them by the CDF, relevant regional programs will continue to be implemented, and small businesses will have a chance to survive. As the crisis subsides, workers will be able to return to factories. They will not leave the region in search of work, will not panic, and will continue to support their families in place. The threat of damage to the region's stability will be mitigated, and the crisis will occur in benign conditions. The spirit of social tranquillity will not be destroyed. Perhaps the value created by workers through the Fund's regional programs during the crisis could be considered in terms of transferring share ownership to companies to compensate for their regular contributions to the CDF, which are seen as an investment in their sustainability. I know that the positions expressed in this note will raise many questions. They require both numerical expression and strict legal approaches. But I hope that the described situation, when during a crisis, life does not freeze in fear of the uncertainty of the future but can actively continue in the implementation of current projects, maintaining a positive social atmosphere, will arouse interest among colleagues involved in

regional sustainability in crisis conditions, and to whom I thank in advance for their attention.