

**MODEL OF THE STATE, COMMERCIAL ENTERPRISES AND SOCIETY
INTERRELATION TO SOLVE ECOLOGICAL AND ECONOMICAL PROBLEMS IN
CONSTRUCTION INDUSTRY**

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Krasnoyarsk has always been an industrial city. And this fact has been having a negative effect on the ecological situation in the city and our everyday life. According to the executive director of the Krasnoyarsk Regional Environmental Union Nikolay Zubov, our city has been ranked the 14th on the Russian dirtiest cities list from 2007 up to now.

The construction materials producing industry pollutes the surrounding environment while extracting raw materials, processing them and exploiting real estate objects. The consumer demand on construction steadily grows every year. This growth is much faster than restoration of natural resources. And there is no need to say that the considerable part of subsoil assets of the country is impossible to restore.

Nowadays mechanisms of environmental management in Russian Federation are defined by the legislation on environmental protection (Federal Law # 7 of January 10, 2002). According to this law economic activities of construction industry enterprises usually leads to two types of environmental damages:

- Internalization of externalities to cover pollutant emissions and discharge into environment;
- Costs of environmental damage prevention.

The possibility of environmental damages reduction is established by law if the best available technologies and techniques are introduced, alternative energy production sources are used, secondary resources and processing of waste are implemented, and other effective environment protecting measures are applied.

However the question is to what degree the ecological orientation of a company can be economically attractive and justified for business people. And to what degree is the government ready to provide conditions for new technologies implementation?

So this a key problem for us: the mechanism of possible interrelation and productive interaction of the state, society and business. We need to solve the extremely complicated conflict now to move off dead center in solving environmental problems if we want to live better and healthier life in the future.

Let's consider the practical aspect of the problem.

Commercial enterprises probably don't declaim against the measures increasing environment protection efficiency. But one should remember that regardless of a business sector of a company it tends to maximize the benefits of its economic activities.

As a matter of fact the state gives a choice either to apply well-established, familiar, traditional methods of production losing economic benefits equal to internalization of externalities, or to burden the company with risky procedures of ecological improvement giving up continuity. The second way assumes introduction of additional equipment units that would often be innovative, technologically complicated and more expensive. It also means the use of the additional production areas as well as human resources with higher qualifications and therefore with higher compensation. After all expenses accounting these changes can hardly make economic sense.

Furthermore even big construction companies do not always have opportunities to make additional investment. Regarding enterprises with complete cycle production allowing to reduce construction industry waste there is a problem for businessmen.

This problem is not about product profitability assessment only, but it is also challenging to analyze direct and indirect competitors of the output product in terms of stating cost and quality standards that are supposed to be taken in to account as well.

The refusal of the enterprises to apply new technologies is justified with considerable estimated losses. It leads to further deterioration of the ecological situation in the country and Krasnoyarsk Territory in particular.

In the context of public indifference to anthropogenic load intensity growth it is becoming fatally devastating. First, passive non-participating position of society, does not create demand for high standards of ecofriendly products. That means it does not stimulate an enterprise to get risks. Second, it worsens the environmental situation with more and more consumer attitude to natural wealth of the homeland.

Finding the reasonable solution to these issues assumes taking a number of necessary measures which will allow maximizing integration of all parts.

The government is interested in advancing contemporary development of the country. So it should promote efficient and reasonable resource utilization, not just coping with consequences of ecological problems, but preventing them, as well as any other strategic problems. The government is supposed to be influenced by society interested in positive changes.

In our opinion the major objectives in current situation should be

- optimization of legal framework standards,
- introduction and realization of measures decreasing environmental load for construction industry.

The major principles of legal framework standard correction should be:

- planning stimulation activities to advance ecofriendly production orientation in the companies' policies and management;
- support of companies' economic interest in ecologisation process.

First, toughening of sanitary-engineering standards, implementing the procedures of the state ecological control, inspection of manufacturing and public control, administrative and criminal liability for violation of the introduced standards, substantial increase of penalties as a method of economic regulation in environmental protection should become obligatory.

Second, the important problem to solve for the government, in our opinion, is changing subjective attitude of the population to the necessity of ecologisation process in construction. To solve this problem we need:

- to arrange real transparency of ecological news,
- to create awareness of ecological danger with mass media,
- to attract the population to public hearings on the regional law «The ecological code of Krasnoyarsk Territory» and the others similar to it,
- to broadcast the annual state reports «About ecological conditions and environmental protection in Krasnoyarsk Territory» on television and radio,
- and to discuss any environmental issues significant for the city and region.

All of the above will promote the increase of public awareness of nature protection issues.

As it was mentioned before, most of construction industry companies have no economic opportunities to introduce the best available technologies, alternative energy production sources and other similar things. On one hand it causes the increase of anthropogenic load intensity year to year. On the other hand it does not allow getting the economic benefits that are guaranteed to the enterprise by the state.

Environment protection charges to the state budget that are supposed to provide financial support for ecological recovery cannot be used to reimburse every company's activity separately. So the money most likely will be used to take preventive measures or eliminate the consequences of adverse environmental impact in whole.

That is why, the organization of strictly regulated environment trust fund (hereinafter eco-fund) within a certain company seems to be reasonable. The eco-fund is supposed to be formed

by percentage deduction from a company's net profit on condition that this company gets support as a state tax deduction that is equal to contributions to the eco-fund.

This is the lawful way for the state to be able to reduce companies' taxable profit and at the same time use the money to socially important purposes, encouraged by both society and state. These purposes will include organizing and functioning of a company's eco-fund, and expenses will be covered by percentage deduction from a company's net profit.

Spending eco-fund financial resources as per their intended purpose will include:

- Compensation of expenses for acquisition, installation and maintenance of the equipment and mechanisms, allowing to decrease the resource use in production process, to reduce waste and emissions volume;

- Compensation of expenses for new eco-friendly construction materials production;

- Compensation of expenses for recycling (including the wastes from an outside organization);

- Compensation of expenses for processing wastes (including the wastes from an outside organization in order to ensure competitiveness of the products made of recycled materials, in that case the compensation percent can be contractual).

If this mechanism of interrelation works the enterprise won't lose economic benefits, and, on the contrary, take the profit money out of the taxable value for target financing of ecological projects.

That will lead to improvement of production and working conditions as well as better company's reputation. In this case introduction of environment protection technologies can become a source of a company's competitive advantage.

Besides, enterprises will have the possibility to apply tax exempt and other benefits provided by Federal Law № 7 of January 10, 2002 «On environment protection».

Finally, consumers won't pay for ecological cleanness of the goods as it will be improving as a result of «tax interrelation» between the states and the enterprises. That will allow to avoid increasing product price and in general will cause better competitiveness at the market.

Nowadays environmental problems are very different and sometimes very specific for every area and industry. In our opinion, the main problem is finding a compromise between the state policy on environment protection and the enterprises whose main goal was, is and will always be receiving the biggest possible economic benefits.

Taking into account the coming ecological crisis, the expanding industrial activity of the enterprises, natural resource shortage and pollution of the environment it becomes obligatory to plan and take urgent steps to decrease the influence of negative factors on the environment.

And the partial solution to the problem that we suggest is organization of eco-funds for the particular companies allowing to combine quality of the products and mutual benefit of the enterprises and the state.

But the right to choose belongs to us, the end users. According to the world practice consumers' ecological literacy and healthy goods orientation play the most important role in improving the ecological and economical situation.