AgEcon SEARCH
RESEARCH IN AGRICULTURAL & APPLIED ECONOMICS

The World's Largest Open Access Agricultural & Applied Economics Digital Library

This document is discoverable and free to researchers across the globe due to the work of AgEcon Search.

Help ensure our sustainability.

Give to AgEcon Search

AgEcon Search
http://ageconsearch.umn.edu
aesearch@umn.edu

*Papers downloaded from **AgEcon Search** may be used for non-commercial purposes and personal study only. No other use, including posting to another Internet site, is permitted without permission from the copyright owner (not AgEcon Search), or as allowed under the provisions of Fair Use, U.S. Copyright Act, Title 17 U.S.C.*

No endorsement of AgEcon Search or its fundraising activities by the author(s) of the following work or their employer(s) is intended or implied.

Original scientific paper
Economics of Agriculture 2/2014
UDC: 502.131.1

APPROACHES TO SUSTAINABLE RURAL DEVELOPMENT IN A PREDOMINANTLY NON-RURAL REGION

Vasily Erokhin[1]

Summary

Paper aims at investigation of contemporary approaches to sustainable rural development in Russia with focus on predominantly non-rural areas, gravitationally attracted by such urban agglomerations, as Moscow. It includes the overview of current experiences in rural development, analysis of major economic and social indicators of rural areas in comparison with urban ones, characteristic of specific features of rural areas in Moscow Oblast, and elaboration of perspective ways to ensure sustainable development of those areas. Methods of benchmarking analysis, SWOT-analysis and program prognosis are implemented. The major results of the current research are discoveries of growth points for rural development and recommendations on perspective measures of state and local policies in rural areas, directed on increase of living standards of rural population and retention of labour resources in their traditional rural areas of inhabitation.

Key words: *sustainable rural development, region, rural areas, urban agglomeration*

JEL: *Q18, P25*

Introduction

Rural development, aimed at improvement of quality of life, is the key factor of sustainable growth of agricultural production effectiveness, as well as social stability in rural areas. Agriculture, as the primary industry in rural areas, is the major (and often the only one) source of employment and income for rural people. It directly influences economic, social, and demographic processes in rural territories, affects land settlement and reclamation, and ensures maintenance of territorial and cultural integrity of the country (Ivolga, Uryadova, 2010).

Consequently, state policy in the sphere of agriculture should be proceeded from sustainable development of rural areas, based on economic, social, and environmental approaches. One of the major threats to effectiveness of state policies in rural areas is the contrast between attractions of city life and negative appeals of rural life. State support and budget subsidies are necessary to decelerate stagnation, but not enough to ensure long-term sustainable development. People, attracted by higher living standards in urban areas, tend to leave

1 Ph.D., Department of Management and Marketing, Moscow University of Finance and Law, 8, build. 1, Presnenskaya Embankment, 115114 Moscow, Russia, Phone: +74999951963, E-mail: basilic@list.ru

traditional rural areas of inhabitation in favour of bigger urban agglomerations. In order to prevent this negative tendency and retain labour resources in rural areas, the state policy should be reoriented from the exclusively economic approach to a combination of economic, social, environmental, and cultural factors.

That is especially relevant for areas contiguous to big cities. On the face of it, such predominantly non-rural areas are in the better position in comparison to the rural ones, since the major economic indicators (income level, labour inflows, employment rates, etc.) are higher. However, that is primarily because of employment opportunities in the spheres, not related to agriculture (trade, services, etc.) or commuting of people from surrounding rural settlements to urban centres. In such a situation sustainable development of traditional agricultural production and rural way of life is even in a bigger danger, despite the higher attractiveness of those "pseudo-rural" areas. That is why the above-mentioned complex approaches should be applicable to the predominantly non-rural areas as well, in order to provide diversified and multipolar development pathways.

As the part of the current research we have studied the contemporary experience of Russia in the sphere of rural development in general, and the case of Moscow Oblast in particular. The region surrounds the biggest Russia's urban agglomeration of Moscow City (over 12 mln people as of 2014), which is the absolute centre of gravitational attraction for labour resources from its rural areas. Additionally to the overview of the contemporary state of rural areas in Russia (population, employment, income, etc.), we have investigated specifics of "urban-oriented" rural areas, discovered the major threats and challenges of their sustainable development, and elaborated the set of relevant perspective measures.

Material and Methods

For the purposes of the current research we have primarily addressed the works by Russian and foreign researches and experts, related to analysis of local specifics of rural development and unique economic, social and environmental features of certain regions (Merzlov et al., 2012; Rusinova, 2011; Lavrukhina, 2013; Vuković et al., 2012; Wiggins, Proctor, 2001).

We have also studied approaches to sustainable rural development through small and medium entrepreneurship in rural areas and intensification of agricultural production (Bondarenko, 2011; Trukhachev, Lescheva, 2010). The special attention was paid to integration of agricultural producers (Lescheva, 2007; Lescheva, 2008) and diversification of income opportunities in rural areas by means of alternative employments, rural tourism and related activities (Ivolga, Erokhin, 2013; Jelocnik, Ivolga, 2012; Ivolga, Belak, 2013; Kundius, Chermyanina, 2011; Ivolga, Mikhaylova, 2013).

International practices and success stories in the sphere of rural development had been obtained from the works of W. Heijman (regional competitiveness and regional issues of economic development), (Heijman, Schipper, 2010; Heide, Heijman, 2012; Bronisz et al., 2008), J. Andrei (cases of Eastern Europe in general and Romania in particular), (Erokhin, Ivolga, Andrei et al., 2014) and D. Cvijanovic and P. Vuković (investigations of perspectives of rural tourism in separate localities of Serbia and other Danube countries) (Cvijanovic, Vukovic, 2012).

Data are obtained from the reports of the Federal Service of State Statistics of the Russian Federation, Ministry of Agriculture of the Russian Federation, Ministry of Economic Development of the Russian Federation, administrative bodies of Moscow Oblast, related to agricultural production and rural policies (Ministry of Agriculture and Food Production of Moscow Oblast).

Results and Discussion

Rural population in Russia accounts 37.1 mln people, which is about 26% of total population. Working-age rural population is 21.4 mln people. There are 153.1 thousand settlements located in rural territories; over 133.7 thousands of them are permanently inhabited. Herein, 73% of rural settlements have less than 200 inhabitants, while settlements with over two thousand residents account only 2% (State Council of the Russian Federation, 2014).

Despite the serious structural changes, economic and social conditions of rural areas in Russia remain complicated. Levels of unemployment and poverty are twofold higher in comparison to urban areas; while rural labour compensations are twofold lower than the ones in other industries. Small and medium farming is being developed slowly; rural economy stays sector-specific; recreational potential is underutilized. Because of lower living standards, existing infrastructural problems and high unemployment people migrate to urban areas (Table 1). Number of rural settlements in 2010 (the latest census) decreased on 9.2 thousand in comparison to 1989, while the number of depopulated rural settlements increased twofold from 9.4 thousand up to 19.4 thousand. According to the All-Russian research institute of rural economy (VNIIESH), over one third of rural people consider an opportunity to leave rural areas in favour of cities. Among young people that share is even bigger – up to a half (Bondarenko, 2011).

Table 1. Number of rural inhabitants in Russia in 2000-2013, thousand people.

Years	Population, beginning of the year	Variation (+, -):				Population, end of the year
		gross increase	including:			
			natural increase	migration increase	territorial transformations	
2000	39470.6	-238.7	-274.2	-2.6	38.1	39231.9
2001	39231.9	-307.9	-271.7	-51.9	15.7	38924.0
2002	38924.0	-281.6	-281.9	-26.7	27.0	38642.4
2003	38642.4	-348.3	-281.5	-90.5	23.7	38294.1
2004	38294.1	324.8	-260.3	-108.8	693.9	38618.9
2005	38618.9	-200.9	-287.6	-117.4	204.1	38418.0
2006	38418.0	-287.0	-230.4	-109.0	52.4	38131.0
2007	38131.0	-248.6	-145.7	-50.9	-52.0	37882.4
2008	37882.4	-60.7	-113.3	-60.6	113.2	37821.7
2009	37821.7	-49.6	-88.9	-47.8	87.1	37772.1
2010	37772.1	-327.9	-81.7	-228.8	-17.4	37444.2

Years	Population, beginning of the year	Variation (+, -):				Population, end of the year
		gross increase	including:			
			natural increase	migration increase	territorial transformations	
2011	37444.2	-129.8	-42.5	-149.9	62.6	37314.4
2012	37314.4	-85.6	-6.3	-166.6	87.3	37228.8
2013	37228.8	-110.6	-0.8	-176.8	67.0	37118.2

Source: State Council of the Russian Federation, 2014.

That is not exclusively Russia's situation. Similar processes are observed in other countries. For example, USA and EU countries lose up to 5% of their rural population within 3-5 years (Lavrukhina, 2013). Low status value of rural life, high risks of agricultural production, and poor perspectives of rural activities in terms of career development and income lead to migration of people from rural areas worldwide. Over the last 14 years the number of rural inhabitants in Russia decreased on 2.4 mln people, whilst losses because of natural and migration factors were 3.8 mln people. Population decline was mainly caused by excess of mortality over fertility (63%). Activation of demographic policy in recent years decreased natural decline in the population. However, migration outflow grew substantially and became the main reason of depopulation in rural areas.

Nowadays problem of depopulation is the most severe in Kostromskaya, Tverskaya, Yaroslavskaya, Vologodskaya, Pskovskaya, Kirovskaya, and Magadanskaya oblasts. Over one fifth of rural settlements in those regions are depopulated and deserted (Merzlov et al., 2012). Only 18 regions of Russia out of 83 had migration increase in 2013. Four regions resulted with the coefficients of migration increase over 70: Kurskaya, Leningradskaya, Yaroslavskaya, and Moskovskaya oblasts.

Structure of economically active population in rural areas in 2012-2013 was improved; share of unemployed people revised from 9.6% in 2012 down to 8.5% in 2013 (Table 2).

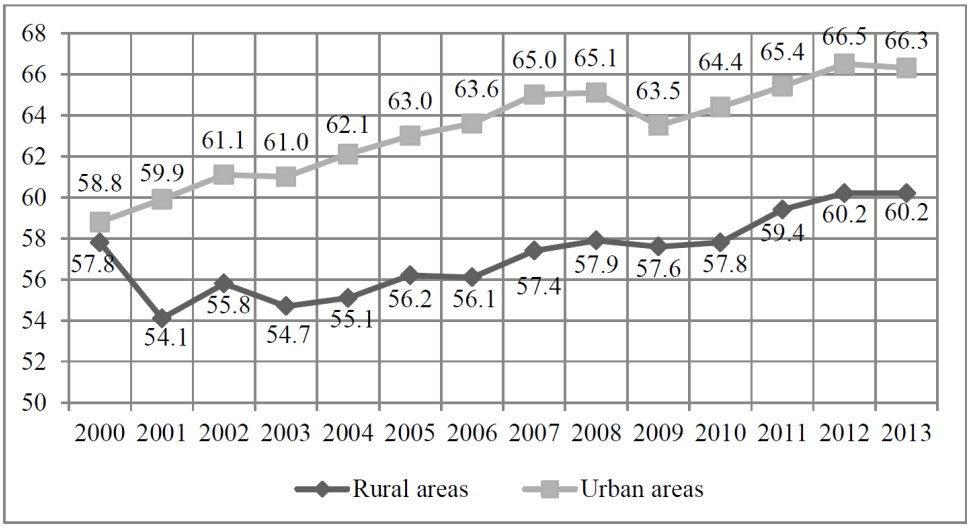
Table 2. Economic activity and employment of rural population in Russia in 2012-2013, thousand people.

Indicator	2012	2013	Variation (+,-)	2013 to 2012, %
Total population, the 15 to 72 age bracket , thousand people	27524	27524	-	100.0
Economically active population, thousand people	18100	18081	-19	99.9
including:				
employed, thousand people	16561	16579	18	100.1
employed, %	91.5	91.7	0.2	
unemployed, thousand people	1540	1502	-38	95.7
unemployed, %	8.5	8.3	-0.2	
Inactive population, thousand people	9424	9443	19	100.2

Source: State Council of the Russian Federation, 2014.

In 2000-2013 employment in rural areas was essentially lower in comparison to cities. There is an overall growth of employment rate, observed both in rural and urban areas in 2000-2013, however the growth rate for urban areas is threefold bigger, than in the rural ones. Employment rate for urban areas in 2013 gained 7.5 percentage points in comparison with 2000, while the one for rural areas – only 2.4 (Figure 1).

Figure1. Employment levels in rural and urban areas of Russia in 2000-2013, %.



Source: State Council of the Russian Federation, 2014.

Level of employment decreased in North-Caucasus and Privolzhsky federal districts to the utmost. North-Caucasus federal District has the highest unemployment rate – 14.3%. Unemployment levels in rural areas of Siberian and Far East federal districts exceed international standards as well (Table 3).

Table 3. Number of unemployed people and overall level of unemployment in rural areas of Russia, average of reference period.

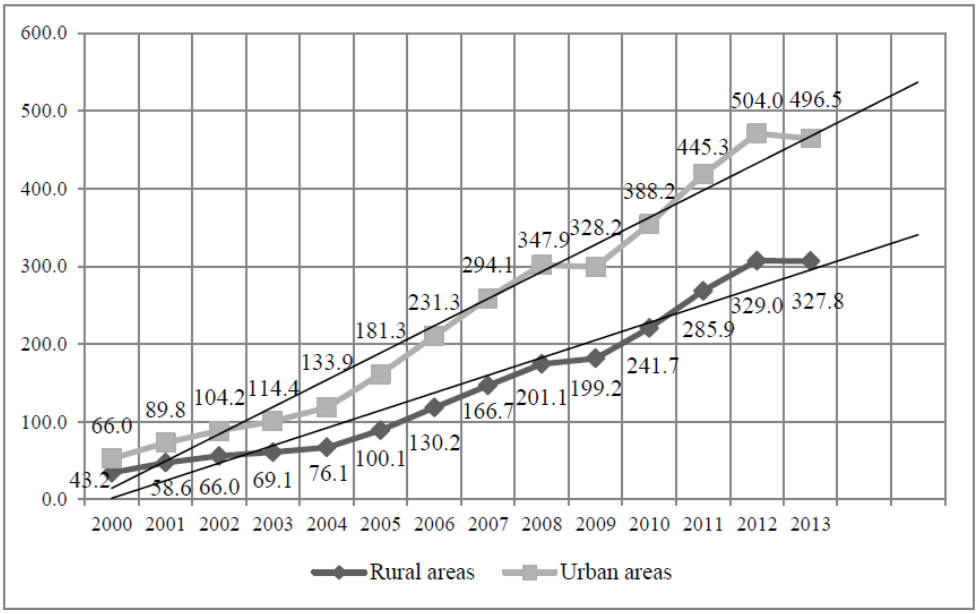
Federal district	Number of unemployed people, thousand people			Level of unemployment, %		
	2012	2013	2013 to 2012, %	2012	2013	Variation (+,-), p.p.
Russia, total	1540	1502	97.5	8.5	8.3	+0.2
Central Federal District	184	190	103.0	5.3	5.4	0.1
North-West Federal District	90	87	96.7	7.9	7.9	0.0
South Federal District	199	203	102.0	8.0	8.2	0.2
North-Caucasus Federal District	354	326	92.1	15.8	14.3	-1.5
Privolzhsky Federal District	281	264	94.0	6.6	6.2	-0.4
Ural Federal District	107	86	80.4	9.1	7.3	-1.8
Siberian Federal District	241	259	107.5	9.5	10.3	0.8

Federal district	Number of unemployed people, thousand people			Level of unemployment, %		
	2012	2013	2013 to 2012, %	2012	2013	Variation (+,-), p.p.
Far East Federal District	84	87	103.6	10.9	11.0	0.1

Source: State Council of the Russian Federation, 2014

Income gap between urban and rural territories is permanent over the referred period of 2000-2013– about 150% (*Figure 2*). Absolute amounts of per capita disposable incomes had been considered based on data of the State Council of the Russian Federation, 2014, adjusted for inflation (Rosstat, 2014) and recalculated in Euro (Central Bank of the Russian Federation, 2014). Despite its growth over the referred period, income level for rural areas is still very low. The linear trend developed to 2015 hardly reaches €350, while an average disposable income in urban areas is expected to excess €550 in 2015.

Figure2. Dynamics of average per capita disposable income in rural and urban areas of Russia in 2000-2013 and liner trends to 2015, euro per month.



* Presented financial numbers are real, inflation is considered (Rosstat, 2014). All financial numbers are calculated in Euro based on average Euro-Ruble ratios for each year.

Source: Author's development based on (State Council of the Russian Federation, 2014; Rosstat, 2012; Rosstat, 2014; Central Bank of the Russian Federation (2014)).

Overcoming differences between urban and rural areas in income level in particular and in economic, technological, and social development in general should become the strategic trend of rural policy in Russia. People will migrate back to rural areas from cities only in case they are aware of certain level of income, as well as infrastructure, comparable to urban conditions.

As of today, almost a half of regions in Russia (47%) are not favourable for sustainable rural development. Some of the regions are even considered as depressed ones, with various symptoms of economic downturn and social depression. Those regions concentrate about 64% of rural population of Russia (Merzlov et al., 2012).

According to the Agro2b Ranking (Agro2b, 2014), there are ten regions in Russia, which have more or less successful experiences in the sphere of rural development (Table 4). The research ranks regions on four sub-ratings (level of income, intensiveness of housing construction, quality of housing services and utilities, and access to nurseries and medical services in rural areas).

Table 4. Ranking of regions of Russia on quality of life in rural areas and level of rural development in 2013.

Rating position (total)	Region	Sub-ratings			
		income level	housing construction	housing services and utilities	nurseries and medical services
1	Krasnodar Krai	12	2	19	12
2	Leningrad Oblast	2	4	32	14
3	Tula Oblast	14	21	15	3
4	Moscow Oblast	20	1	25	21
5	Belgorod Oblast	1	9	8	50
6	Lipetsk Oblast	8	31	6	32
7	Stavropol Krai	13	24	7	35
8	Orenburg Oblast	57	23	5	4
9	Samara Oblast	56	19	12	9
10	Republic of Adygeya	5	52	21	19

Source: Agro2b, 2014.

It is worth noting that two regions of Russia, which are predominantly non-rural(Moscow and Leningrad oblasts), are still ranked among the leaders in rural development. Those regions are considered as attractive ones for incoming migration into their rural areas, with developed economic and social infrastructure, and high potential of rural development. According to A. Merzlov, Moscow and Leningrad oblasts have preconditions for development of rural areas of suburban type and poly-functional rural economy (Merzlov et al., 2012). Apart from most of the regions of Russia, they are characterized by high density of population in rural areas, developed transport, social and service infrastructure, high level of recreational utilization of available territories and resources, active housing construction, and high-productive farming (predominantly concentrated in big agricultural organizations and agri-industrial complexes). Moscow and Leningrad oblasts, occupying only 0.8% of overall territory of Russia, provide over 5% of national agricultural production. Potential of rural development in those areas is related to high migration attractiveness, proximity to the biggest economic centres of the country, easy access to urban infrastructures, better job opportunities in cities, developed and high-intensive agricultural production and food processing industries, and active involvement of local agricultural producers and processing companies into development of

rural infrastructure.

Moscow Oblast is the most advanced in Russia in terms of rural development and living standards of rural population. Rural population amounts to 18% of total population of the region, which is much lower, than in most of the regions of Russia. The average level of income in rural areas of Moscow Oblast is over €600, while the average level for Russia is about €328 (as calculated above). However, absolute amount is not always an indicator. If we compare the urban/rural income ratio, Moscow Oblast would be ranked only 20th out of 83 regions of Russia. That is because of Moscow City with its one of the highest average levels of income in Russia (€1200). In comparison to that amount rural people in Moscow Oblast have only a half of that level. In terms of the urban/rural ratio, the leading region of Russia is Belgorod Oblast, the only one in the country, where average income in rural areas excesses the one of urban territories (Table 5).

Table 5. Ranking of regions of Russia on level of income in rural areas in 2013.

Rating position	Region	Average monthly nominal wages per capita, euro		Agriculture / economy ratio, %
		all industries	agriculture	
1	Belgorod Oblast	471.86	492.23	104.32
2	Leningrad Oblast	620.66	556.95	89.73
3	Tambov Oblast	397.88	354.75	89.16
4	Kursk Oblast	440.91	381.45	86.51
5	Republic of Adygeya	394.32	340.61	86.38
6	Novgorod Oblast	502.42	425.34	84.66
7	Republic of Mary El	377.99	312.68	82.72
8	Lipetsk Oblast	458.05	376.91	82.29
9	Penza Oblast	451.20	366.81	81.30
10	Orel Oblast	398.40	317.24	79.63
…				
20	Moscow Oblast	842.18	605.42	71.89

* Presented financial numbers are calculated in Euro based on average Euro-Ruble ratios for 2013.

Source: Author's development based on (Agro2b, 2014).

Agricultural production provides 3% of GDP of Moscow Oblast. There are over 490 agricultural producers, 450 food processing enterprises, 6.6 thousand peasant farm enterprises, and 592 thousand rural households. Over 115.4 thousand people are involved into agricultural production, which is 8.2% of rural population of the region (Government of Moscow Oblast, 2012).

There is a special program adopted in Moscow Oblast in 2012, which is the Target program "Development of Agriculture and Regulation of Markets of Agricultural Commodities, Raw Materials and Food in 2013-2020" (Government of Moscow Oblast, 2012). The Program is aimed on complex development of local agri-industrial complex with allowances made for the recent Russia's accession into the World Trade Organization (WTO) and related

transformations of external economic and trade environment. It included several subprograms, one of which is especially related to sustainable rural development (Subprogram V). It aims at three major directions:

1. Housing improvements in rural areas, provision of housing for young families and young professionals in order to retain them in rural areas, improve demographics, and provide local employers with labour of high qualification.
2. Development and promotion of extension services, information, consulting and legal support of rural population and local agricultural producers;
3. Infrastructural advancement of rural settlements (transport networks, housing and public utilities, medical services, social and cultural facilities, etc.), (Government of Moscow Oblast, 2012).

Government of the Moscow Oblast and local Ministry of Agricultural and Food targeted the following results to be achieved by 2020:

1. Provision of rural population with major kinds of agricultural products and food in accordance with medical consumption criteria.
2. Growth of agricultural production on 30% by 2020 (in comparison to 2011).
3. Achievement of average profitability in agriculture over 25%.
4. Increase of investment attractiveness of regional agri-industrial complex.
5. Twofold growth of income level in comparison to 2011.
6. Development of rural infrastructure in the region.

The program assumes housing construction in rural areas (105 thousand square meters by 2020), including 69.3 thousand square meters for young families; introduction of 661.3 km of gas distribution networks and 336 km of local water pipelines; construction of new educational, cultural and medical facilities (Government of Moscow Oblast, 2012).

Such ambitious targets are directed on improvement of living standards of rural people, which is necessary in order to push rural infrastructures as closer to the urban ones as possible. However, to be able to ensure the long-term sustainable development of rural areas the region should not only retain people in rural areas, but also attract them. There should be no gaps between urban and rural people in income level, social protection, and infrastructure support. As we have already outlined below, one of the major threats to sustainability of rural areas is their proximity to urban agglomerations, which absorb labour and other resources. That is why the strategic goal to achieve is not only infrastructural development itself through construction. There should be the transformation of the existing radial (centripetal) system of settlement into the multipolar one, when people do not have to move to big city (Moscow) seeking for employment opportunities, but obtain comparable income and related opportunities in

the very place of their current location.

It is worthwhile to mention the second place of Leningrad Oblast in Agro2b Ranking on level of income in rural areas. Although Saint-Petersburg is threefold smaller than Moscow, Leningrad Oblast also has distinct features of a suburban region, where rural areas and rural population are gravitated by big urban agglomeration. The gap between income levels in urban and rural areas is not as severe in Leningrad Oblast, as it is in Moscow Oblast (89.73% and 71.89% accordingly), however the average monthly wages per capita is much lower in comparison to Moscow (€620.66 and €842.18 accordingly in general, €556.95 and €605.42 accordingly in agriculture).

Leningrad Oblast is the Russia's biggest producer of eggs; it is ranked second among other regions of the country on poultry meat production, and third on trout production. Total volume of agricultural production of Leningrad Oblast in 2013 amounted to €728.9 mln (4.4% of GRP).

However, despite certain successes of those regions in the sphere of economic development, such suburban regions, as Moscow and Leningrad oblasts, as of A. Merzlov, have common problems in terms of rural development, related to land relations (land conflicts and higher prices for land in comparison to other regions), shortage of environmental and rural landscapes because of industrial and residential construction, and environmental problems (Merzlov et al., 2012).There are certain shortages, common for all regions of Russia, related to agricultural production incentives, support of local producers of agricultural and food commodities, especially small and medium ones, effective management in agriculture and rural development, encouragement of investments, promotion of innovation-driven growth of agricultural production, and effective utilization of existing natural and environmental resources (Lescheva, Ivolga, 2006). There are specific threats to sustainable rural development as well, caused by proximity to such big urban agglomerations as Moscow and Saint-Petersburg. The main concerns of such "gravitational attraction" are:

1. exhaustion of the most qualified labour resources from rural areas in favour of cities;
2. conversion of traditional agricultural production into service industries and other non-agricultural types of economic activities;
3. absorption of rural areas by city suburbs and conversion of agricultural lands into lands acquired for public and commercial purposes;
4. growing social tensions because of huge migration inflows, particularly from neighbour countries of other languages, religions and cultures.

The abovementioned threats are additional to the existing weaknesses of agricultural production in Russia:

1. low rates of rehabilitation of natural and environmental resources and renovation of productive capacities in agriculture;
2. financial imbalance of agricultural production, caused by volatility of markets of

agricultural commodities, raw materials and food, insufficient investments and low development of agricultural insurance;

3. shortage of labour of high qualification, caused by low living standards in rural areas.

In order to ensure sustainable rural development in such predominantly non-rural regions, as Moscow and Leningrad oblasts, in the conditions, when urban employment opportunities are much more attractive and beneficial for people, while rural way of life is less prestigious, when cities absorb traditional rural areas and lands are withdrawn from agriculture, is it necessary to implement a complex approach to rural policies both on federal and local levels (Ivolga, 2006). After all, proximity of rural areas to urban agglomerations is not only a threat, but also an advantage. There is always a huge market for local agricultural commodities and food (especially organic ones, which are becoming more and more demanded in big cities in Russia); bigger pool of distributors potential investors; easier access to newest developments and technologies to be introduced into agricultural production; far more developed infrastructure (especially transport and distribution) in comparison to other regions; great potential of rural tourism and other non-agricultural activities (cultural, ethnographical, etc.), which may attract people from neighbour cities to rural areas and bring alternative income opportunities.

There are already several sustainable settlement systems existing on the territory of Moscow Oblast (Table 6). They are being developed according to the dominant characters of functional territorial management in order to implement perspective territorial transformations in Moscow Oblast. Those transformations are directed on accelerated development of middle and peripheral parts of Moscow Oblast (its rural areas) and strengthening of circular and bisecant linkages between rural settlements themselves, without much involvement of central agglomeration: labour migration flows, economic, production, social, cultural and recreational relations of rural people (Government of Moscow Oblast, 2012).

Table 6. Sustainable settlement systems of Moscow Oblast: types and labour.

Settlement system	Type	Pillar settlements	Number of workplaces, thousand		
			2004	2010	2020 (forecast)
Dolgoprudnensk-Khimky-Krasnogorsk	Urban	Lobnya, Dolgoprudny, Khimky, Krasnogorsk	164.5	175.1	192.5
Mytyschy-Pushkino-Schelkovo	Urban	Mytyschy, Korolev, Pushkino, Schelkovo	317.5	335.2	364.5
Balashikha-Lyubertsy	Recreational urban	Balashikha, Reutov, Lyubertsy, Kotelniki	260.6	277.0	304.6
Troitsk	Recreational urban	Troitsk, Pervomayskoe	52.1	70.7	102.1
Odintsovo	Urban	Odintsovo, Marfino	44.3	46.2	50.3
Istra-Zvevigorod	Recreational urban	Istra, Zvinigorod, Ruza	130.6	155.0	195.6

Settlement system	Type	Pillar settlements	Number of workplaces, thousand		
			2004	2010	2020 (forecast)
Klin	Recreational urban	Klin, Solnechnogorsk	101.8	135.4	191.8
Yakhroma	Recreational rural	Dmitrov, Yakhroma	28.5	38.6	55.5
Noginsk	Urban	Noginsk, Elektrostal	201.1	228.0	273.1
Vidnoe-Podolsk-Ramenskoe	Recreational urban	Scherbinka, Podolsk, Vidnoe, Ramenskoe, Zhukovsky, Gorki	338.4	406.3	519.4
Naro-Fominsk	Recreational rural	Naro-Fominsk, Aprelevka	62.6	72.7	89.6
Volokolamsk-Mozhaysk	Recreational rural	Mozhaysk, Vereya, Volokolamsk	84.8	94.9	110.8
SergievPosad	Recreational rural	SergievPosad, Dubna, Dmitrov, Taldom	206.7	222.5	249.7
Orekhovo-Zuevo	Recreational urban	Orekhovo-Zuevo, Lykino-Dulevo	120.3	138.9	169.3
Kolomna	Recreational urban	Kolomna, Egorievsk, Voskresensk	135.7	158.6	196.7
Chekhov	Recreational urban	Chekhov, Mikhnevo	67.8	73.2	82.8
Zaoksk-Meschersk	Recreational rural	Shatura, Kolomna, Zaraysk, Roshal	96.6	104.8	117.6
Serpukhov-Kashira	Recreational urban	Serpukhov, Stupino, Kashira, Kolomna	196.1	216.5	251.1
Total			2610.0	2950.4	3517.0

Source: Author's development based on (Government of Moscow Oblast, 2012).

There are five out of 18 settlement systems of Moscow Oblast referred to as recreational rural ones. Others have certain potentials in the sphere of recreational and rural way of development as well. Further development of such decentralized sustainable settlement systems will secure the natural and environmental resources, ensure territorial and functional development of rural areas, and restore their historical and cultural identities. Decentralization will let to reverse symptoms of continuing centripetal development of Moscow Oblast and provide new incentives to development of suburban rural areas.

Conclusions

As our analysis shows, many Russian experts (Lavrukhina, 2013; Lescheva, 2008; Bondarenko, 2011; Erokhin, Ivolga, 2012) acknowledge the systemic crisis in agriculture, which is partly a result of economic reforms, occurred in Russia in 1990-2000s, partly a consequence of global tendencies of growing population and issues of food security. Those issues stipulate increasing

attention to rural territories as a source of agricultural commodities and food. However, current situation cannot be changed at once. Attractiveness of rural areas and effectiveness of agricultural production cannot be increased with just a bigger amount of investments. Rural way of life is like a social paradigm, which is developed under an influence of a whole set of non-economic factors: social, cultural, historical, ethnic, etc.

Perspectives of sustainable development of rural territories in Russia, in view of accumulated international and domestic experience, had been considered in two major directions:

1. Development of "agricultural cities". Experience of Belgorod Oblast of Russia shows that rural settlements get bigger with natural movement of people from peripheral districts of the region, as well as from neighbour regions and even countries. From one point of view, such attraction of people into rural areas serves as a driver for economic development. However, conversely, bigger rural settlements mean urbanization, reduction of agricultural producers and rural households, development of non-agricultural activities, and finally decrease of traditional agricultural production, which is always a threat to sustainable rural development. According to E. Lavrukhina, such way causes further "demographic shrinkage" of depopulation of peripheral rural districts (Lavrukhina, 2013).
2. De-urbanization and attraction of urban people to rural areas. This way requires development of related infrastructure in rural districts, including housing, social and medical facilities, employment opportunities, transport, etc. Rural districts may become attractive for resettlement only in case of insurance of living standards at least equal to urban ones. Such way has led many countries to development of "satellite rural settlements".

Both ways may be adjusted for Russia taking into account specifics of its particular regions. Our research of predominantly non-rural regions, gravitationally attracted by big urban agglomerations, has shown the perspectives of decentralization as an alternative way to ensure long-term sustainable development of rural areas. In such regions decreasing role of agriculture and related labour saving cause the necessity of diversification of rural economy and provision of alternative employment. As of today, rural people seek for such an alternative employment in the cities, while it should be available in the traditional places of their inhabitation. Development of decentralized sustainable settlement systems in the suburban rural areas may ensure strategic sustainable development of rural areas and secure their historical and cultural identities.

References

1. Agro2b (2014): *Ranking of Regions of Russia on Quality of Life in Rural Areas and Level of Rural Development in 2013,* Available at: http://agro2b.ru/ru/news/15095-Rejting-regionov-Komu-sele-zhit-horosho.html

2. Bondarenko, L. (2011): *Employment in Rural Areas and Diversification of Rural Economics*, Economics of Agriculture of Russia, vol. 1, pp. 71-76.

3. Bronisz, U., Heijman, W., Miszczuk, A. (2008): *Regional competitiveness in Poland: Creating an index,* Jahrbuch für Regionalwissenschaft, vol. 28, no. 2, pp. 133-143.

4. Central Bank of the Russian Federation (2014): Euro/Ruble Exchange Rates. Available at: www.finnews.ru/cbr_archive.php?nfromcur=EUR&ndat=1&nmon=1&nyear=2013&ndat2=31&nmon2=12&nyear2=2013&x=43&y=8

5. Cvijanovic, D., Vukovic, P. (2012): *Role of marketing in tourism in Danube region,* Institute of Agricultural Economics, Belgrade.

6. Erokhin, V., Ivolga, A. (2009): *Regional competitiveness in the conditions of economic internationalization,* Proceedings from the conference – Perspectives of development of agricultural economics during crisis, Stavropol, Russian Federation, pp. 287-290.

7. Erokhin, V., Ivolga, A. (2012): *How to Ensure Sustainable Development of Agribusiness in the Conditions of Trade Integration: Russian Approach*, International Journal of Sustainable Economies Management (IJSEM), vol. 1, no. 2, pp. 12–23.

8. Erokhin, V., Ivolga, A., Andrei, J., et al. (2014): *Contemporary Issues of Sustainable Rural Development: International Approaches and Experiences of Eastern Europe and Russia,* monograph, AGRUS of Stavropol State Agrarian University, Stavropol, Russia.

9. Government of Moscow Oblast (2012): *Long-term Target Program of Moscow Oblast on Development of Agriculture and Regulation of Markets of Agricultural Commodities, Raw Materials and Food in 2013-2020,* Moscow, Russia.

10. Heide, C., Heijman, W. (eds), (2012): *The Economic Value of Landscapes,* monograph, Routledge Studies in Ecological Economics, Routledge, London, UK.

11. Heijman, W., Schipper, R. (2010): *Space and Economics: An introduction to regional economics,* Mansholt Publication Series, vol. 7, Wageningen Academic Publishers, Wageningen, the Netherlands.

12. Ivolga, A. (2006): *Redistribution of Agricultural Lands as the Major Element of Rural Development,* Russian Entrepreneurship, vol. 8, pp. 124-129.

13. Ivolga, A., Uryadova, T. (2010): *Organizational and Economic Problem of Effective Involvement of Agricultural Lands into Civil Turnover,* Russian Economic Internet Journal, vol. 2, pp. 120-127.

14. Ivolga, A., Belak, I. (2013): *Problems of Development and Perspectives of Tourism Potential in Caucasian Mineral Waters,* Proceedings from the conference – Sustainable development of tourist market: international practices and experiences of Russia, STGAU, Stavropol, Russian Federation, pp. 68-74.

15. Ivolga, A., Mikhaylova, K. (2013): *Approaches to Sustainable Regional Development by means of Utilization of Tourist and Recreational Potential,* Proceedings from the

conference – Sustainable development of tourist market: international practices and experiences of Russia, STGAU, Stavropol, Russian Federation, pp. 39-47.

16. Ivolga, A., Erokhin, V. (2013): *Tourism as an Approach to Sustainable Rural Development: Case of Southern Russia*, Economics of Agriculture, IAE Belgrade, vol. 60, no. 4, pp. 789-800.

17. Jelocnik, M., Ivolga, A. (2012): *International Approaches to Analysis of Regional Agricultural Potential: Cases of Stavropol Region and Republic of Serbia,* Proceedings from the conference – Actual Problems of Agribusiness Development in the Conditions Economic Modernization, STGAU, Stavropol, Russia, pp. 10-16.

18. Kundius, V., Chermyanina, V. (2011): *Problems and Perspectives of Rural Tourism in the Region*, Bulletin of the Altay State University, vol. 2, p. 289.

19. Lavrukhina, E. (2013): *Social Resources of Rural Development in the Russian Federation (Sociological Analysis),* Unpublished doctoral dissertation, The Russian Presidential Academy of National Economy and Public Administration, Moscow.

20. Lescheva, M., Ivolga, A. (2006): *Problems of Agricultural Land Turnover in Agriculture,* Bulletin of Higher Educational Institutions, North-Caucasus Region, Social Sciences Seria, vol. S24, pp. 49-21.

21. Lescheva, M. (2007): *Agri-industrial Integration in the Conditions of Russia's Accession into the WTO*, International Agricultural Magazine, vol. 5, p. 6.

22. Lescheva, M. (2008): *Problems of Development of Integration Processes in Contemporary Agriculture*, Economic Strategies, vol. 1, pp. 138-144.

23. Merzlov, A. et al (2012): *Introduction to Sustainable Rural Development: Major Definitions and Theoretical Framework,* monograph, Russian Timiryazev State Agrarian University, Moscow, Russia.

24. Merzlov, A., Ovchintseva, L., Popova, O. (2012): *Regional Experience of Elaboration of Programs of Sustainable Rural Development,* monograph, Rosinformagrotekh, Moscow, Russia.

25. Rosstat (2012): *Regions of Russia. Social and Economic Indicators: statistic compilation,* Moscow, Russia.

26. Rosstat (2014): *Inflation in the Russian Federation,* Available at: http://inflationinrussia.com/inflation_table.aspx

27. Rusinova, O. (2011): *The Efficiency Rating for the Use of Resource Potential of Social and Economic Development as to Rural Territories of an Agrarian Region*, Bulletin of the Udmurtia University, Economics and Law, vol. 3, pp. 48-52.

28. State Council of the Russian Federation (2014): *Report on Sustainable Development of Rural Territories of the Russian Federation,* Moscow, Council under the President of the Russian Federation on Implementation of Priority National Projects and Demographic Policy.

29. Trukhachev, A., Lescheva, M. (2010): *Integration Processes in Innovation Development of Agri-Industrial Complex*, Achievements of Science and Technology in Agriculture, vol. 9, pp. 5-7.

30. Vuković, P., Kljajić, N., Arsić, S. (2012): *Multifunctional Agriculture as an Assumption and a Condition for Rural Development in Serbia-Special Turn to Rural Tourism*, International Journal of Sustainable Economies Management, vol. 1, no. 2, pp. 24-32.

31. Wiggins, S., Proctor, S. (2001): *How special are rural areas? The economic implications of location for rural development*, Development Policy Review, vol. 19, no. 4, Blackwell Publishing, London, Great Britain.

UDC 338.43:63 **ISSN 0352-3462**

ECONOMICS OF AGRICULTURE

CONTENT