

# The Mechanism of the State Regulation of Sustainable Development of Rural Areas

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Received: October 22, 2014 Accepted: November 27, 2014 Online Published: March 20, 2015

doi:10.5539/ass.v11n8p181

URL: <http://dx.doi.org/10.5539/ass.v11n8p181>

## Abstract

The sustainable development of rural areas is a factor of national security in modern Russia. Existing measures of state support are aimed at modernization of agricultural production with the purpose of overcoming the systemic crisis of agriculture and ensuring food security of the country. The effectiveness of measures aimed at social development of rural areas has led to some strengthening of social infrastructure, but had no significant impact on the depopulation of the rural population due to the high natural attrition and migration, the cause of which lies in low quality of rural life and unpopularity of rural lifestyle and agricultural labor. The solution of mentioned problems in most regions of the country necessitates revision of the current policy of sustainable development of rural areas. The present study argues the main drawbacks of the implemented state programs and represents suggestions for improvement of the mechanism of the state regulation of sustainable development of rural areas in Russia.

**Keywords:** rural areas, state rural development policy, effectiveness of state support measures, mechanism of the state regulation of sustainable development of rural areas

## 1. Introduction

In the second half of the twentieth century in the world aggravated the problems of the progressive development of humanity in the field of environment, energy, demographics, food security, as well as numerous military conflicts and terrorism, which have jeopardized the existence of the whole civilization. Against the background of growing differentiation in the quality of life between different social classes and countries the world community has formulated the concept of sustainable development. The largest in the history UN Summit on Sustainable Development, also known as "Rio+20", held in June 2012 in Rio de Janeiro, reaffirmed the commitment of the majority of the world countries to this main social trend, in spite of the different geographical conditions and cultural traditions. The summit was attended by approximately 50,000 people and more than 100 Heads of state and government.

The concept of sustainable development is based on the balance of human activity in the environment, economy and social sphere. According to Aurelio Peccei, the founder and president of the Club of Rome who studied the global patterns of human development, the achievement of sustainable human development is related to the "outer limits" of the planet, "internal limits" of the man, cultural heritage that he received and is obliged to transfer to those who will live after him, the world community he must build, the ecological environment he must protect at all costs, and, finally, complex and integrated production system the reorganization of which he ought to proceed (Peccei, 1977).

The economic component of the concept of sustainable development is to stop the exponential economic growth associated with increasing pollution and environmental degradation, the depletion of natural resources, the biosphere imbalance, climate change, and turn it into the qualitative growth, taking into account the parameters of the global dynamic equilibrium. This problem was first mentioned in the report "The Limits to Growth" by D. Meadows on the basis of analysis of the mathematical model of the world, constructed especially for the study of five global processes marked out by his scientific group. These processes include rapid industrialization, population growth, increasing food shortages, depletion of non-renewable resources, degradation of the natural environment. The general conclusion was the need for and the possibility of changing growth trends and transition to the sustainable in the long-term, economic and environmental stability (Meadows et al., 1972).

The social component of sustainable development implies that humanity acts as a central or a main member of the ecological socio-economic system and the man is a subject of development taking part in the processes of the formation of his living environment and contributing to the adoption and implementation of decisions and monitoring their implementation.

The solution of global problems of sustainable development is impossible without their clarification and concerted efforts at the national, regional and local levels. One of the most acute problems of the Russian national security is the sustainable development of rural areas, occupying two-thirds of the country with 37.2 million rural inhabitants as of January 1, 2013, providing food security and quality of life for 23% of the population. The scientists of the Mordovian State University proved the necessity of the recognition of food security as a national interest, which is determined by the following main factors: firstly, the necessity of transition from the "effective state" policy to the "economically efficient and socially responsible state" policy; secondly, the recognition by the world community of the food problem as a global one; thirdly, the formation of new challenges and threats to domestic agricultural producers under conditions of Russia's accession to the WTO (Kormishkina, Krutova, Sausheva, & Semenova, 2013).

In the country for a long time there has been a threat to the sustainable development of rural areas as upon 2010 census data only 2% of 153 thousand rural settlements has an adequate quality of life and in others occurs the processes of natural attrition and migration of the rural population. Possessing 403 million hectares of the agricultural land, more than 1/4 of the world's freshwater, vast mineral resources, as well as being the largest producer of mineral fertilizers, for the last 20 years Russia imports foodstuff, the share of which is growing in the diet of the population and is on average 40% of its total consumption. There is an obvious necessity of significant changes in the objectives and mechanisms of agrarian policy in order to counter threats and contribute to the sustainable development of rural areas of the country.

## **2. Methodology and Research Methods**

The study of the problem of sustainable development of rural areas and mechanisms of state impact on its decision is based on a systemic approach that implies systematization and theoretical understanding of the nature and mechanism of sustainable development, food security, state regulation of rural development.

As a basis for the formation of the proprietary position on sustainable development served scientific papers of N. P. Oganovsky (1924), A. B. Weber (1999), V. I. Danilov-Danilyan (2000), N. N. Moiseev (1995), the documents of the UN International Commission on environment and development, as well as the relevant laws regulations of the Russian Federation.

Rural areas are considered as a basic element of food production and the quality of life of the population, consequently the approaches to ensuring food security and the formation of the state policy in this regard are based on studies conducted by A. I. Altukhov (2012), I. N. Buzdalov (2010), I. G. Ushachev (2010) and other scientists, as well as on the Food Security Doctrine of the Russian Federation (Food Security Doctrine of the Russian Federation).

Problems of the socio-economic development of rural areas, their role in society, special aspects, as well as current social transformations, as reflected in the works of P. A. Sorokin (1929), E. Berg (2007), S. N. Bobylev (2007), L. V. Bondarenko (2010), A. V. Merzlov (2012), T. G. Nefedova (2012), V. V. Paciorkowski (2010), formed the basis for proposals for the formation of the active state rural development policy in Russia.

The systematization of theoretical sources was carried out in conjunction with the processing of statistical information on the demography of the rural population, the dynamics of social comfort of living in rural areas, the economic development in rural areas in Russia and the Republic of Mordovia with application of methods of the factor, cluster, correlation and regression analysis. In addition carried out the assessment of the main directions, methods and tools of the state regulation of agro-industrial complex and social development of rural areas both upon adopted state programs and reports on their implementation.

## **3. Results and Discussion**

### *3.1 Composition and Structure of the Rural Areas of the Russian Federation*

The problem of sustainable development of rural areas has deep historical roots, attracts the interest due to its versatility and economic importance, however, in scientific terms this problem is studied fragmentarily (for example, the agricultural development and state agricultural policy, the quality of life of the rural population, the local self-government in rural areas), beyond the concept of consistency. Meanwhile, the rural area, on the one hand, is a complex socio-economic system, the internal environment of which includes economic, social and environmental subsystems, and, on the other hand, it is a subsystem of a higher hierarchical level. Consequently,

the sustainability of rural areas depends on the sustainability of socio-economic systems of a higher level, in particular, the subject of the Russian Federation and the country as a whole, as well as on the sustainability of its constituent subsystems and separate items, including municipalities, industries, economic entities of all forms of property, rural community. The study reveals that the modern science has not yet worked out the generally accepted notion of the sustainable development of rural areas. Scientists pay attention primarily to the ability of the system to operate, maintaining the dynamic equilibrium in which the system periodically switches from one stable state to another one; as well as the ability of the system to develop in the long term, using its own adaptive capabilities.

Rural areas of the country as socio-spatial formations consist of the areas of different levels: local (settler), district, regional and national levels, which are closely interrelated with each other. The primary level of rural settlements has developed historically, the rural communities defined the priorities and the content of its development. The areas of the district level such as administrative-territorial units and municipal districts are established by the acts drawn up by the state. Municipalities in rural areas are presented in the form of municipal districts and rural settlements comprising several rural settlements. Structurally, the system of local self-government looks like a set of rural settlements (towns, villages, hamlets, countryside, farm yards, kishlaks, auls, etc.), included in the municipalities in the form of rural settlements (there are 18742 rural settlements in the Russian Federation as of January 1, 2013), then they occur in 1817 municipal districts (100 units on the average) or urban districts. At the level of subjects of the Russian Federation the rural areas present a spatial-functional segment of the region. Whereas the nation-wide level of rural areas comprises the complex of rural areas at the regional level. The institutional uncertainty of rural areas at the regional and national levels negatively affects their functioning.

### *3.2 State Regulation of the Sustainable Development of Rural Areas of the Country*

Admittedly the rural areas of the country are currently undergoing a deep systemic crisis, however, they possess significant natural, demographic, economic, historical and cultural potential. The basis for the development of rural areas in Russia is formed currently under the documents presented in Figure 1. The main priorities of the current agricultural policy of the country can be seen on the funding structure of the State program of agricultural development and regulation of markets of agricultural products, raw materials and foodstuff for the period of 2008-2012 (hereinafter - State Program), according to which from the total volume of assets (551.3 billion RUR) it was expected to provide 20.4% on sustainable development of rural areas (38.7% actually funded), 78.4% on agricultural development (134% actually funded), 1.2% on the regulation of the markets of agricultural production, raw materials and foodstuff (443.2% actually funded). The share of funds actually spent on the sustainable development of rural areas amounted to 6.7% of the total volume of financing of the State Program (The national report "On the progress and results of the implementation in 2012 of the State program of agricultural development and regulation of the markets of agricultural products, raw materials and foodstuff for the period of 2008-2012").

The represented data suggests that the social development of the Russian countryside has not yet become a national priority. The implementation of the state support measures on agriculture and rural development has not provided a significant change in the most significant indicators. Thus, in 2102 the average monthly nominal wage in agricultural economy amounted to 53% of the average nominal wage in Russia (an increase of 4%), the proportion of rural population with incomes is below the subsistence level - 18.7% (against 8.8% of the urban population and 10% of the allowable marginal value in accordance with the international estimates), the employment rate of the working-age rural population amounted to 59.4% or increased only by 2 percentage points since 2007. The resulting indicator of social changes is the average annual decline in the rural population, which for the period of 2008-2012 was about 163 thousand people against 102 thousand people for the period of 2003-2007, i.e. an increase amounted to nearly 70%.

From our point of view, it is the continuing depopulation of rural areas, as well as due to the migration, the cause of which involves a whole range of unresolved social and economic problems, which has not allowed to achieve the target goals in agricultural development. The projected value has been achieved only on two of the nine major indicators of the State Program. Thus, the expected average growth rate of gross agricultural output amounted only to 3.1% instead of 4%. The percentage of domestic products in the total volume of their consumption amounts to 67%.

Low effectiveness of the state regulation of rural development can be explained not only by the depth of the crisis in the agricultural sector of the economy and the lack of funds allocated to overcome this crisis (according to many agricultural scientists the sum of allocated funds needs to be 10 times more), but also by the critical drawbacks of

the state rural development policy, the main of which is too narrow set of methods of the state support. The main instruments include interest rate subsidies for loans (in 2012 they amounted to 48% of total funding). Taking into account that in 2012 the overall level of profitability of agricultural enterprises amounted to 14.6%, taking into account subsidies (4.8% without subsidies) and almost 20% of organizations are unprofitable, thus not all of them had the opportunity to receive such support. In addition, such minor forms of economic management as peasant farm enterprises, private subsidiary farming, cooperatives received negligibly small amount of subsidies (about 2%) while they produce more than a half of agricultural production.



Figure 1. Legal basis for the development of rural areas

### 3.3 Systematization of Problems of Ecological and Socio-economic Development of Rural Areas

Approved target programs of sustainable development of rural areas in the regions and municipal districts are mostly declarative and overly formalized, they reflect the average situation in the regions, and measures to be carried out in accordance with these programs do not take into consideration all the conditions and characteristics of the separate rural settlements. Such target programs pays too much attention to a small number of large rural settlements (about 2.0% of all rural settlements). This leads to a growing polarization between the separate settlements and in the quality of life between the groups of rural inhabitants, primarily on the availability of basic social services.

The foregoing indicates the presence of numerous acute problems in the development of rural areas of the country. The following nine problems are the most significant ones: 1) *political* (the discriminatory state policy in relation to the rural areas and agriculture, the ineffective system of the state and municipal regulation of rural development, the underestimation of the role and functions of rural areas); 2) *financial and economic* (price disparity between the agricultural, industrial products and energy resources, insufficient scale of the state support of agricultural producers, the lack of investment, difficulties in obtaining loans, etc.); 3) *productive-economic* (the degradation of the material-technical base of agriculture, its technical equipment and power availability, inadequate marketing infrastructure, low competitiveness of domestic products in comparison with imported ones, imperfection of consumer processing cooperation, etc.); 4) *socio-labor* (reduction in the number of agricultural organizations and expansion of rural settlements without the "employer", high unemployment, low wages and low quality of life of the rural population, high poverty, lack of qualified personnel); 5) *demographic* (high rates of depopulation of the rural population, migration of the youth to the cities, ageing of population, the areas being deserted by the inhabitants, imperfection of youth policy in rural areas); 6) *socio-psychological* (unpopularity of the agricultural labor and rural lifestyle, degradation and passivity of the rural population, social dependency, etc.); 7) *infrastructural* (reduction of social and cultural objects, high deterioration of the objects of

social and technical infrastructure and difficulties with its updating, unacceptability of basic social services for a significant number of the rural population); 8) *organizational-communication* (low consolidation of the rural communities, imperfection of socio-municipal partnerships); 9) *environmental* (degradation of agricultural land, soil depletion, environmental pollution, etc.).

The listed problems are systemic in nature and require complex solutions at all levels of social, economic and ecological processes in the countryside. For solution of these problems the state has developed and implemented the federal target program "Sustainable development of rural areas for the period of 2014-2017 and for the period to 2020", which implies the achievement of the following objectives: creation of the comfortable living conditions in rural areas; stimulation of investment activity in the agricultural sector of the economy by creating favorable infrastructural conditions in rural areas; contribution to creation of high-tech jobs for the rural population; contribution to participation of the rural inhabitants in the implementation of socially significant projects; formation of a positive attitude to the countryside and rural lifestyle (Sustainable development of rural areas for the period of 2014-2017 and for the period to 2020: Federal target program). As it can be seen, the decision of the full list of problems is not yet on the agenda, the second, third and sixth problems of the listed nine groups can be partially solved. It can be assumed that the depth of all the other problems should disappear without state interference, but the practice proves the illusory nature of such expectations.

### *3.4 Proposals to Solve Problems of the Development of Different Types of Territories*

It should be stated that the development of rural areas is a multidimensional and multilevel process with a large number of participants and the mutual responsibilities of the state, science, business and civil society for ensuring a decent quality of life of the rural population. It is also a long-term and contradictory process and it should remain an actual problem on the agenda of the federal, regional and local authorities for many decades. The special attention in development and implementation of strategic documents for rural development should be paid to the typology in relation to the significant differences in the nature of development and economic structure, existing capabilities and limitations of the rural development. Thus, in drafting the concept of sustainable development of rural areas of the Russian Federation there have been allocated four types and nine subtypes of the regions over the range from regions with favorable environmental and socio-demographic conditions (they occupy 18% of the territory of the Russian Federation, but concentrate 64% of the rural population and gross agricultural output) to the regions significantly limited from natural and climatic point of view, with the weak local development (these are northern and eastern regions occupying 62% of the country and being inhabited by 6% of the rural population) (Merzlov, Ovchintseva, & Popova, 2012).

The focal points of the current state regulation are suitable for the first group of rural areas as a whole, in addition it is a good practice to form on the basis of these areas the "growth points" which could further augment their social and economic potential, as well as become funders for less developed rural areas of the republic.

Rural areas of the second group have an average development, but the applicable scope and instruments of the state support for sustainable development are not enough. It is necessary to strengthen the following focal points of the state rural development policy: promotion of agricultural enterprises through incentive payments for high achievements in agricultural production; provision of the single-point financial backing using regional and local budget funds; improvement and reconstruction of rural social infrastructure; social payments and benefits for agricultural workers living in rural areas; development of measures to identify and mobilize domestic resources of rural areas.

For the third and fourth groups of rural areas as priority directions of the state support it should be marked out the following ones: preservation of the rural population by creating the conditions for the reduction of the migratory movement; support of rural families with preschool-age children (provision and payment of benefits); creation and development of regional consumer cooperatives; compensation to the rural population of the areas lagging behind in socio-economic development, for consequences of the polarized development policy; maintaining the balanced development of all the economic sectors in the region; development of measures to identify and mobilize domestic resources in rural areas; increased attention of the public authorities to the characteristics of these areas and the problems of their development by monitoring and establishing personal responsibility of officials for the key performance indicators of sustainable development of rural areas.

## **4. Conclusion**

Russia stands at the very beginning of the formation process of the active state rural development policy the main objective of which is the improvement of human capital assets by preservation of the rural population and delivery a better quality of life, which will make it possible to increase agricultural production and ensure food security of the country. The effectiveness of the state regulation of sustainable development of rural areas is

directly conditioned by the rational combination of measures at the federal and regional levels. Currently it is necessary to employ a differentiated approach to the state regulation of the development of rural areas taking into account their characteristics with the purpose of providing conditions for self-development and enhancing human potential, the formation of the attitude of social activity and mobility of the rural population that shall be governed by the efficient local government. This will require the consolidation of all activities of the state, local government, business, scientific and local communities and the residents on sustainable development of rural areas, which is impossible without the formation of the mechanism for coordinating the interests of all participants of these relations on a real time basis. In each rural settlement by the efforts of the government and the community it is necessary to make an assessment of the social, economic and ecological potential, problems, trends, as well as tasks and objectives of the strategic development. It is important to activate the local community, involving the youth into these processes through the active advocacy and grant support of individual initiatives. This alignment of interests and activities should be carried out with the help of modern information and communication technologies, including the websites of municipalities that do not currently set and solve the problems of sustainable development of rural areas. These issues will be devoted in further research of the authors of this publication.

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