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## **SUSTAINABLE DEVELOPMENT OF THE AGRO-ECONOMIC SYSTEM: ESSENCE, TERMS AND CONCEPTS**

*Conceptual apparatus and terminological special features in the question of the sustainable development of the agro-economic of systems are examined. The ways of transition to the sustainable development are revealed: planning and organizing of development of the agro-economic systems; improvement of social and economic conditions of villagers; development of self-government; production diversification; accelerated development of alternative activities and others.*

*Keywords: stability, rural, agrarian, development, social and economic levelling off, ecology.*

In 1992 at the Conference of the United Nations on environment (Rio de Janeiro), the thesis about the socially and economically balanced development which does not destroy the environment and provides continuous progress of society was officially proclaimed. The concept "sustainable development" was accordingly introduced. The main meaning of the verb "sustain" according to the Oxford dictionary is "maintain". With reference to development of the mankind the concept "sustainable development" means the development which does not put irrevocable damage to the environment. The term "sustainable development" was widely adopted in the legislative practice of our state and fixed in a number of normative documents. For instance, in the Concept of Transition of the Russian Federation to Sustainable Development confirmed by the Decree of the President of the Russian Federation from 01.04.1996 № 440, society's sustainable development is defined as development "providing well-balanced achievement of social and economic objectives and solution of problems of preservation of the favorable environment and potential of natural resources with the aim of satisfaction of needs of today and future generations".

Preservation of the favorable environment and potential of natural resources of our planet is concerned in the first place with activity of people in different industrial fields and in particular in agro-economic industry, which provides the population of the earth with food.

The legal vacuum appeared in the system of the agrarian legislation after revocation of the Federal law "About state regulation of agroindustrial manufacture" from July 14th, 1997. Nevertheless, at the end of December, 2006, the vacuum was filled with the Federal law № 246-FZ from 29.12.2006 "About agricultural development". In the given law the term of agricultural production defines as a set of economic activities in cultivation, manufacture and processing of agricultural production, raw materials and foodstuff including provision of corresponding services.

In the same law (item 5) definitions of the concepts "the state agrarian policy" and "a sustainable development of rural territories" are given. The state agrarian policy represents a component of the state social and economic policy directed to sustainable development of agriculture and rural territories. The sustainable development of rural territories is their steady social and economic development, increase in volume of agricultural output, increase of efficiency of agriculture, achievement of full employment of villagers and increase of level of their lives, rational use of land.

The aforementioned testifies that because of relatively inexact translation from English of the concept "sustainable development" the confusion was brought in interpretation of the concept of stability. Stability from the angle of survival rate of mankind and maintenance of a positive trend in non-uniform (with accelerations and delays) social and economic and technical development.

Therefore it appears that it is possible to understand sustainable agricultural development not only as stability in the sense of social and economic and technical development, increase of volume of output and its efficiency, but also as stability providing well-balanced development from the position of potential of natural resources. This development is achieved by means of restrictions or reduction of production which is capable to do much harm to the environment. On a big time interval it is expedient to aspire to increase the efficiency of agrarian manufacture on the basis of energy- and resource-saving technologies, to use renewable resources and with obligatory preservation of the environment. Hence to emphasize the difference in this terminology, it is justified to replace the term "sustainable agricultural development" to "sustainable development of agro-economic system" according to the first approach to the definition of stability, or to sustainable development of "agroecological system" – according to the second approach. "Agro-economic" literally means "economical use of the land" and consequently economics of the manufacture connected with the usage of land and animals.

It is possible to explain this replacement of concepts by the fact that nowadays some scientists treat the concept "agriculture" more widely than before. Agriculture historically is understood as the manufacture connected with use of the land and animals. But in those days peasantry was engaged only in this kind of agricultural activity. Now the situation is different – in the country there is a complicated infrastructure with electric networks, roads, objects of public service buildings, etc. Construction and other organizations expand agricultural framework including branches which are not directly connected with use of land. Not long ago it was considered that the goals of sustainable agricultural and rural development are identical. However, for the current period of time agricultural manufacture is not the basic sector of economy in rural regions in developed countries. From 1983 to 2003 in the countries OECD (Organization for Economic Cooperation and Development) agricultural employment of the population was considerably reduced, especially in the countries where the agricultural sector initially made a considerable part of economy: in Turkey from 52 % to 34 %, in

Greece from 30 % to 15 %, in Spain from 20 % to 5 %. In Russia in 2000 agricultural production, forestry and hunting altogether employed 13,9 % of the population, and in 2006 this figure decreased to 10,6 %. In connection with the changes in "Reform of the uniform agrarian policy of the European Union" 2003, the accent shifts from an agricultural production to development of rural economy and preservation of the environment which reflects transfer from the branch approach to territorial with the focus on interaction of agriculture and environment. Peculiarity of the labour market in the countryside of developed countries is the fact that the population in the country occupied in nonagricultural production is on the increase. For example, in Japan 60 % of farmers are only partly occupied in the agricultural production, and this number of farmers are mostly pensioners who are engaged in agricultural sector of economy after retiring from other branches of economy. In 2003 in the EU countries 54 % of farmers worked part-time in the agricultural production.

The given tendencies are caused first of all by the fact that the agricultural production is not the main sector of economy in rural territories.

Changes in social and economic spheres (in EU countries and OECD) for the last decades led to reorientation of state policy in development of rural territories: use of the territorial approach when there is less support from producers of agricultural commodities.

Therefore, the manufacture connected with use of land and animals can be called agrarian (Agrarian (agrarius – from Latin.) – relating to land property; Agro (agros – from Greek) – used in compound words relate to land). It is less known term, but more adequate to its essence and indicating the specific activity. The adjective "rural" derives from the Old Russian word "settlement – a place where people have settled". Thus the word "rural" as the derivative from the words "settle", "occupied by people" should relate to everything connected with territorial settlement of people, instead of activity with land and use of animals.

Later together with the development and urbanization of large settlements, the concept of a city took shape, and by the word country the territory outside cities occupied by people was meant. Talking of a city we mean only the urban territory. The concept of territory is mainly connected with certain borders rather than with any other factors. Therefore, though by a countryside and rural territory we mean practically the same, nevertheless by analogy with the concept "the urban territory" we see it is more acceptable to use the concept "rural territory" in official materials. Thus, rural territory is the land outside the urbanized territories occupied by people and characterized by the common signs (natural, historical, etc.).

Close to the term agrarian, which is a foreign word, is the genuine Russian word village. In the narrow, historically developed meaning of the word in the Russian language as a small agricultural settlement, one of kinds of rural settlements, "village" existed in the northeastern part of Russia in 14 century and therefrom extended to the other areas of the country. The other kind of rural settlement similar to a village was selo (there is no equivalent in English) which was bigger than a village and there lived a lord of the manor or there was a church; smaller settlements also had their own names. In its broad meaning "village" covers not only all kinds of settlements where its inhabitants are mostly occupied

in agriculture but also the complex of social and economic, cultural and domestic, and natural and geographical features and living conditions. A village was usually treated as a social and economic category opposed to a city. Social and economic peculiarity of "village" is determined by the direct connection of its inhabitants with the land, economic development of the territory and use of its natural resources in various branches of agriculture. Because of this, villages are scattered, rather small in size, adapted to the environment in their activities; work there is seasonal and cyclical, relatively not various; public and cultural services are lower than in a city. A village was characteristic of stability of its way of life, traditions.

In geography and ethnography a village is characterized taking into account its features of territory, i. e. a type of settlement of a district, size or density of settlements, form of their spatial organization. Specific combinations of types of settling and the form of settlements are especially emphasized: for mountain areas the so-called focal type of settling is usually characteristic with concentration of settlements in the mountain isolated valleys and at the same time it is a chaotic vertically-step arrangement of structures.

In the modern scientific theory by territory is meant a certain part of social (population), natural (including natural resources and ecology), economic, infrastructural, cultural and historical, spatial potentials of the state, which is in jurisdiction of subfederal or local (municipal) authorities. Thus, territory or territorial formation is a set of spatially identical parts of social, natural and other potentials of the state which can be ruled both by the state and authorities or self-management of this territory.

The territory can be called a regional system. In the modern special literature it is suggested that we should call regions system-conglomeratic structures, for which the concepts "unity" and "integrity" are ideal, not real. Region is the social and economic spatial integrity characteristic for structure of manufacture, presence of all patterns of ownership, concentration of population, workplaces, conditions of the spiritual human life, having local management of the territory (area, region, republic).

Modern writers-economists consider that territorial development cannot be fully carried out in the form of spontaneous self-development or "self-adjustments to stability". Practice shows that in large regional systems the conflict of interests is obvious, and smaller ones cannot resist to external destructive influences. It is clear that regulation of processes of territorial development cannot be "disconnected regulative actions" in the sphere of economics, preservation of the environment.

The basic index of territorial stability, according to Russian economists, is equilibrium, i. e. a special proportion for each regional system which shows its potential and provides stability and social orientation for development of the system. Social orientation can be considered to be the major indicators of territorial stability, "the most obvious and till now the least considered index of territorial development – estimation of a vector and quantitative parameters of regional situations, first of all how they influence level and quality of life of the population".

Taking into consideration the modern understanding of a fully-fledged sustainable development of territories of

regions, the sustainable development of rural territories can be characterized as uniform improvement of positive social indicators (improvement of living conditions of the population, literacy, health) in full conformity with economic and ecological development of a rural region. At the individual motivation level these indicators will be shown in growth of life satisfaction of the population of rural territories, their own social and economic prospects and prospects of the children, corresponding growth of indicators of satisfaction of the basic living conditions in the country.

The analysis of development of rural territories in new social and economic conditions supposes research of presence of social factors without which the sustainable development of rural territories is impossible. On the one hand, it is obvious that the sustainable development of rural territories determines external, major restrictions of natural resources (they are for the remote prospect), on the other hand, possibilities of social and economic development of rural communities, development of managing subjects, natural arrangement and many other things. It is very wide spectrum of problems which (in Russia and some other countries) is considered now from various perspectives. In one case ecological aspect is mostly regarded, in the other – social and economic.

The category “social progress” was developed both by Russian and foreign scientists. The member of Russian Academy of Sciences D. S. Lvov in his report at the meeting on the topic the sustainable development in Johannesburg stated that the three basic problems hampered the progress of the mankind: social stratification and enormous growth of poverty in the world; accelerated growth of technogenic accidents; deterioration of qualitative structure of the population of the Earth together with quantitative growth of the population. (The shorthand report of parliamentary meetings on the theme: “Results of the World meeting on the sustainable development in Johannesburg and objectives of the Russian Federation on September” 24th September 2002, p. 11–13). A category “social progress” was defined as dialectic interrelation of the spiritual and consumer origin in personal and motivational sphere of a person in his interaction with the world and other people [1]. At the end of the nineteenth – beginning of the twentieth centuries Russian scientists, noting complication of public relations, underlined necessity of closer interrelation of social elements in order to achieve social progress of the community. “Progress does not consist of only infinite division. For organism formation it is necessary that parts, bodies were in close connection between themselves...”

In application to the Russian reality, social progress of rural community should have integrity, harmony of consumer and cultural wealth in community development as a whole, that is in other words, not only growth of life standard of countrymen but also culture development, especially its spiritual origin.

Among qualitative social categories not the last place is occupied by the concept of “social equality”. There is the question of explaining division of rural citizens into rich and poor from the perspective of social justice, stability of community, possibilities of its social progress. That is not a secret that millions of inhabitants of rural territories lost their right for education, medical treatment, and recreation. On the other hand, it is not clear whether all wealthy countrymen

received social benefits according to their social services. The traditional pre-reform concept of social and economic development of the community interpreted social equality exclusively in the sense of destruction of classes. Now the question about social inequality as an engine or a brake of social progress in the Russian science remains open. We can only point out to the fact that wealth of some people justified by their social services to the rural community and poverty of the others is considered by the countrymen as social injustice and is more likely to promote social destabilization of rural community and its social regress.

Realization of principles of social progress and a social equality in regard to occupation of rural territories in practice by the state and society means assistance of the state in introduction of worthy living conditions for citizens of all rural territories, providing them with approximately equal possibilities for receiving of leading social services such as education, public health services, culture, consumption of material benefits.

Russian scientists repeatedly said that without providing citizens of the countryside with decent living conditions and destruction of a scandalous social and economic inequality, the concept of development itself (not mentioning the sustainable development) does not make any sense. There is no steady transition to new living conditions for countrymen because a lot of them while possessing high social and economic qualities do not show labour activity and mobility, and are at a loss to find for a worthy place for themselves in abruptly changed agrarian economy. It leads to reduction of sources of labour potential of rural territories of different level and fast development of such socially negative phenomena as constant unemployment, poverty, decrease of marriages and births, increase of abnormal and illegal behaviour, suicides, social contradictions and conflicts. In their turn the mentioned socially negative phenomena sharply reduce quality of life in villages, destroy foundations of education of the main productive forces of rural territories, block the formation of sustainable development.

It is accepted that the principal reference points of the social regional policy include: population of rural territory, life expectancy, proportion between the average income of the population and the cost of living, share of the population with incomes below the cost of living of population of rural region, consumption level of the basic foodstuff (the scientifically proved norms of food), rate of unemployment in a region. Researchers consider qualitative characteristics of life of the population of rural territories the following: factor of ageing of the population, birth rate, life expectancy. The indicators pointing out to decrease of the standard of living are increase of death rate at an able-bodied age due to unnatural reasons, level of infectious and parasitic diseases, drug abuse, alcoholism.

Studying of foreign experience of formation of analytical basis of indicators of development of rural territories and social and economic stability (instability) of regional population shows that unemployment, poverty of the population of rural territories are considered in the first place as indicators of driving motive of change in stability of agricultural population in direction of instability. The driving motives of process of stabilization of rural territories are: growth of the population, overall fertility rate, growth of the population of school age. The latter is considered by means

of indicators of number of excellent pupils, sex indicators at schools for children of various races, etc.

The important source of steady social and economic development of rural territories is also preservation and stimulation of people's health. Here among indicators there are: access to drinking water, health improving and medical procedures, base improving procedures. The economic driving motives are international cooperation on strengthening of sustainable development in countries and internal political relations (indicators of national income, export and import).

The main objectives of the state agrarian policy of the Russian federation as they are stated in the federal law "About agriculture development" are the following:

- increase of competitiveness of Russian agricultural production and Russian producers of agricultural commodities, providing quality of goods;
- providing sustainable development of rural territories, employment of rural population, increase of living conditions, including labour remuneration for people occupied in agriculture;
- preservation and reproduction of natural resources used for needs of the agricultural production;
- formation of effectively functioning market of agricultural production, raw materials and food which provide increase in profitability of producers of agricultural commodities and development of the infrastructure of this market;
- creation of a favorable investment climate and increase of volume of investments in agricultural sphere;
- supervision over a price index for agricultural production, raw materials and a price index for industrial output (services) used by producers of agricultural commodities, and maintenance of parity of indexes of such prices.

In the government program of development of rural territories of the Russian Federation for 2008–2012 there are a number of indicators of sustainable development (see the table).

The components of sustainable development of agro-economic systems are as follows: the problem of social and economic development, natural arrangement, preservation and development of a cultural and historical heritage, etc. Social and economic development, in turn, is connected with the problems of development of a civil society and economic and industrial supply of a worthy standard of living and activity of countrymen. It is important not only to understand how the problem of sustainable development of agro-economic systems is structured but also what problems are the most topical, without solving of which it is impossible to go on to sustainable

development. In V. M. Bautin and K. A. Kozlov's work (URL: <http://agromagazine.msau.ru/index.php>) the most important problems are emphasized:

- planning and organization of development of rural territories on the basis of self-development beginning from the municipal unions;
- all-round involving of active representatives of rural society in the process of self-government;
- diversification of agrarian manufacture, accelerated development of alternative kinds of activities in rural territories;
- development rural (not only agricultural) consulting activity;
- marketing of rural territories, etc.

There are various conditions and possibilities of development of agro-economic systems in Russia. Therefore without estimation of potentials of certain territories it is impossible to develop the strategy of development of a region, branch, rural territories. Without classification of types of agro-economic systems according to their soil and climatic, economic and geographical potential it cannot be made. On the country scale, for example, it is necessary to understand the following:

- on what territories there will be effective agrarian manufacture;
- what territories have potential for development of alternative kinds of manufacture and other enterprise activity of people (for example, places for recreation for numerous urban population, places of conducting traditional highly artistic crafts);
- in what territories it is necessary to support life and some not very effective activity of people from political and other strategic reasons, in particular to keep control over territory;
- for what territories it is important to close some of activities apart from those connected with development of forestry and use of forest, etc.

To solve the listed problems it is necessary to create a new multidimensional scientific direction and corresponding disciplines. It is also essential to introduce organizational and legal registration of activity to switch to sustainable development of rural economic systems. Conceptual device and terminology play important roles, they are necessary to be developed and used correctly in scientific activity and lawmaking.

### Bibliography

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#### Activities for sustainable development of rural territories and their financing from the federal budget (billion of roubles)

	2008	2009	2010	2011	2012
House building, provision of young families and experts with places to live in	4.5	10.4	12.9	16.3	17.5
Water supply	1.0	3.2	5.4	5.8	6.1
Gasification	1.2	2.3	3.0	3.4	3.6
Other activities	0.6	2.1	2.7	2.9	2.9
Complex building and improvement of pilot territories	–	1.1	1.2	1.2	1.2
Total:	7.3	19.0	25.1	29.6	31.3