## Chapter 59 Rural Tourism in Transitional Russia's Economics: Fake or Real Alternative to Traditional Agricultural Production?

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## ABSTRACT

This chapter assesses the potential of rural tourism in Russia, addresses such threats to sustainable rural development as unemployment and depopulation, and substantiates the practicality of diversification of traditional rural sources of income by means of tourism and other alternative activities. The system approach is utilized, which envisages systematization and stocktaking of various aspects of sustainable development: available resources, economic conditions of agricultural production, market capacity and demand for agricultural commodities and food, employment and social issues, environmental conditions, and alternative sources of income for rural inhabitants.

## INTRODUCTION

In the conditions of growing urbanization, more and more countries face challenges of ensurance of social and economic progress of their rural areas. Specific of agricultural production stipulates the main bottleneck: possibilities to replace labour and land with capital are very limited. That is why sustainability of rural areas in general terms means retention of rural inhabitants in their traditional environment by means of provision of sustainable employment and income.

Rural territories have great natural, demographic, economic and cultural potential. Rational utilization of that wealth is able to provide diversified development, full employment, high living standards and quality of life of rural population. However, real situation very much differs from that ideal picture, especially in developing countries, where agriculture usually takes significant part in the overall structure of GDP, and share of rural population pushes up to one third (and even higher) of the nation.

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Russia is considered as developed country; nevertheless, its rural territories have serious problems on their way to sustainable economic and social development: depopulation, unemployment, social tensions, low effectiveness of agricultural production, degradation of lands and rural infrastructure, etc. Such problems are the most severe in the southern under-industrialized parts of Russia, where agriculture dominates in regional products, and rural way of life is traditional for local people. During transformation of Russia's economy in 1990s agriculture became one of the most unattractive for investments because of its longer capital turnover, low return, outdated infrastructure and specific natural conditions of production. That, in turn, decreased level of income of rural people, created unemployment and forced migration to urban centers. Consequently, traditional rural regions in the South of Russia lacked not only capital, but also labour, that led to degradation of agricultural production and rural infrastructure, and arose social tensions.

Therefore, rural areas need additional sources of income to balance the economic development. For the southern parts of Russia, with their unique natural, climatic and resort potentials, rural tourism is one of the perspective ways to give new impulse to rural areas and ensure sustainable rural development. The objective of the chapter is to analyze the current state of rural development in Russia and to substantiate rural tourism as an alternative source of income for rural inhabitants.

The analysis is conducted on the case of Stavropol Region of Russia, which is located in the southern part of the country. The analyses involved 26 territorial districts of Stavropol Region, distributed by their levels of their social and economic development. The selection of the region is explained by its agricultural specialization, significant share of rural areas in region's acreage, prevailing rural population, and unique environmental and agricultural resources.

However, rural tourism itself is not enough to replace traditional agricultural activities in such "agriculturally-oriented" regions, as southern part of Russia, where agriculture dominates in domestic gross product. In order to achieve sustainability, rural tourism may act as only one of the tools. Potentially, it gives more employment opportunities (one of the key conditions of sustainable rural development), which provides rural inhabitants with sustainable income, competitive in comparison to urban territories.

Since recently, Russia's Government gives special weight to ensurance of sustainable rural development, including through rural tourism. General programs and concepts, accepted on the federal level, define the main state approaches to issues of rural tourism, but concrete rural areas need real and effective mechanisms. In order to manage rural tourism in an effective manner, it is necessary to assess the main agricultural, economic and social indicators of rural areas, to define the main threats and to discover potential points of growth of rural tourism. That is especially important taking into account high differentiation of rural territories (even within one region).

## BACKGROUND

As to the definition of rural tourism itself, there are a lot of approaches. The official definition, accepted in Russia, is provided by the Federal Tourism Agency. It refers rural tourism as a kind of tourism, which facilitates permanent residence of tourists in rural areas for a purpose of rest and/or involvement into agricultural activities (Almukhamedova & Vilenskaya, 2013). The obligatory condition is the fact that accommodation facilities, both individual and specialized, have to be located in rural area or small towns without industrial or multi-storey constructions (Almukhamedova & Vilenskaya, 2013).

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