

## Rural Sustainable Development Management: Conceptual Approaches and Tools

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### ABSTRACT

The article aims to find sound approaches to tackling the challenges related to the lagging development of rural areas and their spatial compression due to the outflow of the most active rural population. For this purpose, the author perform an analysis of the experience accumulated by the EU countries, the USA, “Russia and Türkiye and come to the conclusion that any sectoral and redistributive approaches to managing the sustainable development of rural areas are ineffective and can only be considered as complementary to the territorial approach, which is based on the development of competitive advantages of the rural areas. The author consider such components of the territorial approach as the establishment of a hierarchical system of supporting rural settlements and the involvement of local communities in the development of rural areas.

**Keywords:** Sustainable Development, Rural Areas, Management, Competitiveness, Anchor Settlements

## Kırsal Sürdürülebilir Kalkınma Yönetimi: Kavramsal Yaklaşımlar ve Araçlar

### ÖZET

Makale, kırsal alanların geride kalmış gelişimi ve en aktif kırsal nüfusun dışarı akışı nedeniyle mekansal sıkışmasıyla ilgili zorluklarla başa çıkmak için sağlam yaklaşımlar bulmayı amaçlamaktadır. Bu amaçla,yazar AB ülkeleri, ABD, “Rusya ve Türkiye” tarafından biriktirilen deneyimi analiz etmiş ve kırsal alanların sürdürülebilir kalkınmasını yönetmeye yönelik herhangi bir sektörel ve yeniden dağıtımçı yaklaşımın etkisiz olduğu ve yalnızca kırsal alanların rekabet avantajlarının geliştirilmesine dayanan bölgesel yaklaşımın tamamlayıcısı olarak kabul edilebileceği sonucuna varmıştır. Yazar, bölgesel yaklaşımın bu tür bileşenlerini, kırsal yerleşimleri destekleyen hiyerarşik bir sistemin kurulması ve yerel toplulukların kırsal alanların gelişimine katılımı olarak değerlendirmektedir.

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## **1. INTRODUCTION AND RESEARCH PROBLEM**

The low quality of life and limited employment opportunities in rural areas, combined with lower (compared to urban) income levels, to a large extent contribute to the outflow and degradation of the labour force and depopulation of villages, the resulting growth of socio-economic disproportions in the countryside and the emergence of depressed rural areas with the aggravated economic, social and environmental problems.

A number of countries have tried to solve the problem of lagging rural development using a sectoral approach that identifies the development of rural areas as the development of agriculture and the agri-food complex, but narrowing down the rural development management only to government support for agriculture has proved to be ineffective. Some management tools used within the framework of the sectoral approach (e.g., promoting investment and other support for the development of the agricultural sector businesses and providing direct support to agricultural producers) undoubtedly stimulate the creation of additional jobs in agriculture and the income growth. However, the rural areas themselves are considered as the main source for the development of agriculture, i.e. the rural society is regarded as a resource rather than the development goal.

Another approach, which has become widespread around the world, is aimed primarily at reducing disparities in the standards of living between the urban areas and the lagging rural areas. The main tool of this redistributive approach is the allocation of additional financing for the regions located in hard-to-reach or depressed rural areas. In contrast to the sectoral approach, the redistributive approach takes into account the interests of rural society to a greater extent. However, it gives rise to dependency trends and hinders self-development of the rural communities.

The sound solutions aimed to tackle the challenges related to the lagging development of rural areas and their spatial compression due to the outflow of the most active rural population can only be found within the frames of the territorial approach, based on the increased competitiveness of rural areas, new ways to use the available resources most effectively with the cost reduction and the new types of activities in rural areas.

In recent decades, the tools of the territorial approach have become more widespread in various countries of the world; however, they are used fragmentarily, which often does not help to reverse the negative trend of rural degradation.

## **2. RESEARCH APPROACHES AND METHODS**

In our study, we use the general logical methods (analysis, synthesis, comparison, analogy, induction, deduction, generalization and classification) and the methods of theoretical research (formalization and the unity of historical and logical approaches). We have analysed the materials from the official information sources: the data provided by international organizations, including the OECD, IFAD, and UNWTO) and the legislative acts and regulatory documents on rural policy implementation in a number of countries. The methodological framework for our scientific approach to managing the development

of rural areas is based on Paul Krugman's concept of new economic geography (Krugman, 1979, 1980, 1991a, 1991b; Krugman & Venables, 1995; Krugman & Elizondo, 1996) and the central place theory by W. Christaller (1966). The observations and conclusions presented in this study are based on the works by F. Mantino (2010), L. Granberg (2001), B. Demirtas and A. Kaya (2018), P. Kovanci-Shehrin (2005), L. Bondarenko (2015) and I. Molvhanov (2019, 2020).

### **3. REVIEW OF GLOBAL EXPERIENCE IN MANAGING THE DEVELOPMENT OF RURAL AREAS**

#### **3.1. Rural policies of the countries of Western Europe and the USA**

EU policy on the sustainable development of rural areas is implemented in two directions: support for agricultural production; development of rural areas. The maximum support for preserving the countryside is allocated to settlements with particularly important ecosystems, traditional agricultural sectors and depressed economies, the areas located too far from urbanized agglomerations to have any significant relations with them and to the settlements with traditional types of social behaviour.

At the same time, rural areas are no longer considered as territories used exclusively for agricultural production, and in the past few decades, they have been classified as areas with diversified economies.

The methodological basis for this approach is laid in the works of P. Krugman, who, considering the heterogeneity of space within the framework of the "center-periphery" model as its objective property. This model explains why there are always the most and least developed territories in space. The center creates innovations, but for this purpose it pulls together various resources from the periphery: natural, human, financial and others. Only the concentration of resources allows the center to produce innovations. Innovations, having been born in the center, then spread to the periphery, gradually filling the entire space. However, the "new economic geography" also describes the effects of jumping over, "overtaking", which explain the phenomenon of change of leaders in periods of radical technological change, when "the last become the first". Technologically and economically backward territories can use the advantage of lower wages to enter the market. At the same time, due to their poverty, they dare to introduce new technology and take risks. Therefore, often the very factors that provided the territory with the opportunity to become a leader at one stage of technical and economic development, at the next stage become a brake and begin to hinder its dynamic development.

But for a previously backward territory to become a new economic leader, several conditions must be simultaneously met: 1) the difference in wages between the leading territory and the potential new leader must be strong; 2) the new technology must initially seem unproductive to experienced producers compared to the old one; 3) experience in the old technology must not be applicable when used in the new technology; 4) the new technology must provide the possibility of significant improvement in labor productivity compared to the old one. For example, high wages in the leading region, high land rents,

and population crowding in megacities may open opportunities for an “upstart” to compete with the leader. Thus, in economic history there are, firstly, forces that support “dependence on the established rut”, and then the placement of economic activity in space is determined by the starting conditions, and secondly, forces that allow unexpected changes in the established structure of spatial organization within the framework of the “center-periphery” model.

P. Krugman identified two groups of factors that contribute to the realization of competitive advantages of territories. The factors of the “first nature” include the availability of natural resources (mineral, land, etc.), which are in demand by the market, as well as geographical location, including the position on the global trade routes, reducing transportation costs and facilitating the transfer of innovations. These advantages exist independently of people's activities. Second nature” factors include advantages created by human and social activities: agglomeration effect (high population density in cities, resulting in economies of scale); human capital (education, health, labor motivation, mobility and adaptability of the population); institutions that improve the entrepreneurial climate, mobility of the population, diffusion of innovations, etc.; infrastructure that reduces economic distances. Both the transformation of the approach to the understanding of rural areas and the revision of the rural development policy imply a bet on the development and improvement of the factors of the “second nature” (human capital, social institutions and infrastructure) to achieve the “overtaking” effect.

Today, the essence of the rural development policy in the European countries is the use of a set of rural development tools and mechanisms aimed at enhancing economic activity in rural areas, protecting environment and improving the quality of life in rural communities. The agricultural policies are increasingly focusing on solving the problems associated with the rural dwellers’ falling out of the social life of their country and the unfavourable general trends in standards of living in rural areas.

National sustainable rural development programs are implemented in the EU countries in five priority directions:

- a) Increasing the competitiveness of the agricultural and forestry sectors through the human potential development, better knowledge, improved quality of agricultural products, support for innovation and infrastructure modernization and an increase in the added value of agro-industrial and forestry products and in the economic value of forest resources.
- b) Improvement of the environment through the implementation of forestry restoration measures, additional subsidies for the farmers working in the areas with unfavourable conditions, agroecological payments and non-productive investments, payments for the participation in the Natura 2000 Networking Programme and other payments approved by the Directive 2000/60/EC.
- c) Improving the quality of life in the countryside by ensuring free access to communication technologies, supporting business development and employment,

- creating a network of cultural institutions, improving living conditions, providing opportunities for the integrated use of the local natural resources and establishing service centres.
- d) Diversifying rural economy, including the development and support of agritourism, recreational services and other non-traditional business areas and the expansion of non-agricultural activities. For example, in the 1990s Finland adopted a policy of developing "post-agrarian" territories. According to the statistical data for 1996–1997, despite the fact that approximately 50% of business entities operating in rural areas were engaged in agricultural activities, they provided only 6% of employment (Ala-Orlova, Laurila and Marttila, 1999). In terms of financial turnover, non-agricultural companies earned twice as much as agricultural and forestry companies combined. This is a clear demonstration that the traditional sources of income are being replaced in rural areas with non-traditional incomes. In the late 1990s, the number of farms in Finland declined significantly, giving way to a growing number of cottages used throughout the year. The countryside now focuses not only on food production, as in the past, but has also become a centre of cultural attraction, where all kinds of festivals, sport competitions and entertainment events are organized, reminding of the local historical and cultural heritage (e.g., Sulkava Rowing Race, Kaustinen Folk Music Festival and gastronomy fairs in Kauhajoki) (Ekman, 1999).
  - e) Implementation of local development strategies through the creation of local initiative groups within the framework of the LEADER (Liaison Entre Actions de Développement de l'Économie Rurale) programme and the CLLD (Community-Led Local Development) programme supporting the local development based on community initiatives. Thus, the Local Community Foundation established in Denmark is aimed to support local initiative groups.

The US federal government has identified the following priorities in this sphere: improving living standards and quality of life; harnessing technological innovation; integration of rural areas into the country's information space (e-connectivity); economic development of villages and small towns; better employment opportunities for the rural population. An important stage in implementation of the rural development policy was the establishment of the Task Force on Agriculture and Rural Prosperity by President D. Trump in 2017.

The entire food sector and agriculture of the USA operate in compliance with the federal legislation, based on which support mechanisms for agriculture are introduced and financing is allocated for a period of five years. Moreover, there is a special law for this purpose — Agriculture Improvement Act (2018), also known as the Farm Bill.

The US authorities on an ongoing basis carry out territorial planning, develop cooperation and take a comprehensive approach to strategic planning. The development of rural areas is based on the principle of targeted assistance to three predetermined zones. There are so-called "zones of the future", with the main objective to develop the sphere of education; "opportunity zones" with tax incentives for the prospects of business development; and

"zones in need" that have been receiving federal assistance since 2008 when the respective regulations were adopted.

Since 2018, the US Department of Agriculture has been coordinating and overseeing all five-year programmes for the rural development. These programs are combined into a single project of Rural Prosperity.

More than half of the federal funds allocated in the United States for agricultural development are issued as grants and subsidized loans for improving the following aspects of rural life: utility and energy infrastructure, housing construction, major repairs and broadband Internet. We emphasize that even low-income rural residents have free access to loans because of the policy of lender protection under the guaranteed loan programmes. Funding is also provided to support local business development (USDA, 2020).

During the international lockdown after the spread of COVID-19, the United States strengthened regional assistance to support rural development and assigned payments to support producers impacted by the pandemic consequences (OECD, 2020). In 2020, the US rural areas were reclassified based on their social and economic opportunities and other characteristics. A number of pilot regions received financial support for the local initiatives aimed at developing the agricultural sector. Separate programmes were established for businesses and rural population of Alaska and for small Indian territories where Native Americans still live.

### **3.2. Russian experience in managing the sustainable development of rural areas**

In Russia, two government-funded programmes regulate the development of rural areas: The State Programme for the Development of Agriculture and Regulation of the Markets of Agricultural Products, Raw Materials and Foodstuffs (RF Government, 2022a) and the State Programme of the Russian Federation "Integrated Development of Rural Territories" (RF Government, 2022b). Under the first of them, the development of rural areas is regulated primarily through establishing a system of support for farmers and the development of rural cooperation, which in turn should contribute to an increase in employment and incomes of the rural population.

The second programme gives priority to creating conditions for affordable and comfortable housing for the rural population, infrastructure projects and the labour market development in rural areas. It is planned to use such mechanisms as a reduction in costs and increase in availability of loans, including housing mortgages; state support for the self-employed, micro businesses and small businesses; provision of land resources without tenders; expansion of state support for the development of alternative types of employment and folk arts and crafts; provision of shared infrastructural facilities for businesses in preferential zones; development of new forms of fund raising (crowdfunding); and a more active role of government-funded development institutions in rural areas (training, business support at all stages of the life cycle, development of consumer and processing cooperation).

Taking into account the general trends in demographic processes in Russian rural settlements in recent years, the Russian Federation is implementing the rural policy of a controlled spatial compression, including two types of tools:

- a) most efficient use and combination of resources remaining in the compression area to ensure the provision of quality services to the local population;
- b) providing residents of the compression area with access to all services provided in other regions.

In the first group of tools, the most widespread is the practice of combining social service facilities into multifunctional centres (Novikov et al., 2021). There are two options for establishing such centres: on the basis of an educational institution or on the basis of a cultural and recreational institution. Today such multifunctional centres are actively operating in the Republic of Bashkortostan (Ministry of Culture of the Republic of Bashkortostan, 2015), in the Republic of Sakha (Yakutia), Chuvashia, Krasnoyarsk Krai, Vladimir Oblast, Moscow Oblast, Leningrad Oblast, Nizhny Novgorod Oblast, Novgorod Oblast, Novosibirsk Oblast, Oryol Oblast, Pskov Oblast and many others Russian regions.

The residents of the spatial compression areas should get access to services provided in other regions within the frames of the initiatives for the socio-economic development of the Russian Federation until 2030 approved by the RF Government order No. 2816-r of 06 October, 2021. The respective socio-economic development initiative ("Cities of Great Opportunities and the Revival of Small Types of Settlement") defines strategic priorities for the development of rural areas. The most important of them should be an advance development of anchor settlements, based on which it is planned to ensure an accelerated development of the infrastructure which is necessary for the implementation of guarantees in the sphere of education, medical care, cultural services and other needs of the population within the limits of one or several municipalities. However, until now the methodology for selecting such anchor settlements and the mechanism for their interaction with higher-level settlements have not been worked out, which threatens the implementation of the idea of anchor rural settlements in practice.

### **3.3. Evolution of approaches to sustainable rural development management in Türkiye**

The first step in sustainable rural development in Türkiye was the Law on Villages of 1924, which provided for the development of infrastructure without the need to prepare a village development plan. The Law assigned a number of responsibilities to local administrations in order to ensure the rural settlement development and to meet requirements for health care and public works.

- a) In the period from 1963 to 1965, another approach, known as "Model/Pilot Village Approach", was implemented. It was supported by the central government authorities and the special provincial administrations in Ankara and Istanbul. The

approach was aimed to develop the following spheres: coordinating the provision of services to villages;

- b) providing benefits from such services to the villages surrounding the model village;
- c) coordinating efforts of all stakeholders interested in rural development;
- d) developing a specific model for the development of other villages.

However, this approach was criticised on the following grounds: It resulted in superficial changes in rural settlements through intensive investment in the service sector rather than structural changes in them, and it did not meet the people's needs because it was prepared mainly by government officials.

In 1965, Ministry of Rural Affairs began actively implementing a multidimensional approach to rural development planning, which had previously been used in such countries as the Netherlands, Italy and Israel. Its main objective was to transform rural settlements into sustainable self-sufficient units. It was aimed at eliminating disparities in living standards between urban and rural residents and ensuring the most efficient use of the available resources. The approach was implemented by the Ministry of Rural Affairs in Izmir, Manisa, Diyarbakir, Usak, Urfa and Malatya, but the set objectives were not achieved due to the lack of public participation, insufficient financial resources and some errors in prioritization. The implementation methods of this approach were mainly criticized for being both unsuitable for Turkish conditions and inconsistent with the concept of multidimensional planning.

Due to a growing number of serious problems with providing governmental services to rural population, the "Central Village" concept was proposed. Its goal was to centralize public services in the identified densely populated centres and provide collective public services, which was intended to influence local communities and ensure their development.

The concepts of *Köykent* (a sustainable development plan for rural areas) and "Agricultural Town", developed and introduced by two political parties (CHP and MHP) in the period from 1970 to 1980, are similar in their content and methodology. The Köykent approach was proposed as a development plan aimed at improving the quality of life in rural areas by meeting people's socio-economic needs, including better employment opportunities (Kovanci-Shehrin, 2005). The main goals were to ensure the development of rural areas on the one hand, and enhance urbanization on the other. Thus, urbanization and industrialisation became the objectives of the same development model.

Within the framework of a similar "Agricultural Town" approach, a clustering model was used: a cluster of 8-10 villages was formed, and one settlement located in the centre of the cluster was selected for developing as an agricultural town with close ties with the surrounding villages.

The approach of model/pilot villages and agro-town model were based on the key postulates of the theory of central places of W. Christaller, which considers "central place"



as a settlement, where tertiary sector entities are located, which performs the function of central provision of relevant services (i.e. provides these services not only to itself, but also to the surrounding settlements). In the case of goods and services, centrality means that they are provided (can be rationally provided) not in every locality, but in central locations. The rarer the need for a good or service, the larger the market radius must be in order to ensure that the good or service is economically rationally provided. Undoubtedly, even in small settlements there is a certain offer of goods and services, but it is intended only for the residents of this settlement. The larger the settlement, the greater is the range of services of different coverage (service providers), which are provided to a much larger range of consumers. The limit of coverage of the respective central location is determined by the distance from the central location from which the goods or services of central importance (i.e. having the property of “centrality”) will not/cannot be obtained, because it is irrational due to high transportation costs or availability of a closer central location. The boundary of minimum coverage is defined within the central location and its immediate surroundings that allow for the economically rational (cost-effective) offering of goods or services. This approach not only allows identifying central places and their coverage areas, but, as it turned out later, also rationally determines the possibilities of “saturation” of such places with functions. In the late 1950s and early 1960s, the idea of “central places” was adopted as the basis for the implementation of spatial development strategies, first in Germany and then worldwide.

However, this model was not widely developed in Turkey due to limited resources and capacity, as well as the lack of a well-developed methodology for selecting “central places”.

Along with the objectives of the above-considered approaches to support rural areas, the following priorities are identified in official government documents:

- a) Increase in crop yields and production output. Expanding crop areas, encouraging the use of chemical substances, providing subsidized loans, combined with considerable public investment in irrigation have increased both crop yields and output.
- b) Increase in per capita income in agriculture, bringing it to a level comparable to the rest of the economy.

The Turkish authorities have used various measures to achieve this goal. The measures taken in the crop production have mainly consisted of subsidizing domestic input prices and/or supporting crop production, supplemented by quantitative import restrictions and high import duties. In the livestock sector, the trade control policies have been the main mechanisms for driving a wedge between domestic and import prices.

In the 1990s, the most widely used policy instrument in Türkiye was the support of prices for agricultural products. Since 1994, the supportive purchases by state-owned companies have been limited to cereals, tobacco, tea and sugar beets, but several agricultural trade cooperative unions are obliged to purchase sunflowers, cotton, hazelnuts, dried figs and

raisins from their producers, and they receive government-subsidized loans for this purpose.

Along with the price support measures, trade control policies have been widely used. Thus, until 1980, the import of agricultural products had been significantly limited and there had been export restrictions in the form of licensing and registration requirements for a number of agricultural products and resources. However, there were significant changes in the trade policy after 1980, including elimination of licenses, monopolies and reduction of duties in favour of special fund taxes. After the Uruguay Round Agreement on Agriculture, Türkiye made certain commitments to the WTO on tariffs and export subsidies.

Nevertheless, some supply controls are still used in Türkiye's agricultural policy, though to a limited extent. In particular, supplies of tobacco, hazelnuts and tea are under strict control. Sugar beet production is controlled by Turkish Sugar Mills, Inc. through supply contracts, but privatized sugar mills are now also allowed to conclude contracts with farmers.

State authorities are also involved in the provision of infrastructure and other services, such as public investment in irrigation, land reclamation, soil and water conservation, roads, electricity, water supply and pasture land improvement. Research, training and promotion services, inspection services, and pest and disease control are also provided to producers free of charge or at subsidized prices.

The system of subsidies, including subsidies to manufacturers and consumers and common transfers to agricultural sector, has been widely used in the agrarian policy of Türkiye.

- a) Producer subsidies are transfer payments to agricultural producers based on the implementation of agricultural policies in the particular year. They include both transfers from consumers through the local market prices and those from taxpayers through government or tax funds. The producers are subsidised in three ways: support of market prices (compensation for the difference between the domestic price for the farm product and its price on the world market);
- b) direct transfers (for example, payments for alleviating the effects of natural disasters, return of sugar pulp to producers after processing, incentive premiums for the milk sold to dairy factories);
- c) reduced input costs (interest rebates on agricultural loans, price subsidies for fertilizers, seeds and pesticides, subsidies for irrigation through operating expenses).

Consumers are subsidised through market transfers (market price support policy) and consumer subsidies.

General transfer payments are broader than subsidies to producers. In a broad sense, they are defined as the sum of all transfers from taxpayers and all transfers from consumers as a result of the agricultural policy minus transfers to the budget or budget revenues from imports. They cover all areas of agricultural production and subsidize not only agricultural producers, but also other parts of the agri-food sector and the countryside (e.g., food

processing and distribution subsidies, expenses for rural infrastructure), beneficiaries of social benefits (e.g., programmes for supporting domestic food consumers) and the companies storing agricultural goods (financing of costs, storage costs and storage losses).

Starting from the 1980s to the present day, Turkish farmers have generated more than 20% of their incomes thanks to the payments from governmental support programmes. These payments have mainly made it possible to regulate pricing in the markets of agricultural products. However, the level of support for Turkish farmers has significantly decreased in the past few years. The reason was the Turkish lira depreciation and a reduction in the scope of market regulation measures. However, it is worth noting that farms have not been left without any support. So far, about two-thirds of all support provided to Turkish farmers has been made in the form of additional payments. The government has doubled additional payments covering the difference between the target and market prices for the producers and sellers of crops. A special attention is paid to wheat, barley, rye, oats and paddy rice. Moreover, the additional payments are used to reduce the costs of fertilizers and diesel fuels based on the sown area. Direct government support is also provided through subsidies and insurance policies for livestock and crops. Government-funded maintenance of rural infrastructure, especially irrigation systems, also plays an important role. As for indirect support, it is provided in the form of financial assistance to state-owned enterprises whose functions include marketing of agricultural products.

The current policy, which is based on providing various types of subsidies, does not help to reverse the existing trend. A new rural development paradigm should be based on a shift from sectoral subsidies to focusing on the competitiveness of rural areas. The foundation for the new paradigm for developing rural areas should be people's interests and consideration of the specifics of rural areas.

The "Community Development" approach, based on the principle of combining local and national efforts, is successfully implemented in many countries with the support of the United Nations. Since the moment it was introduced, Türkiye has entered a new stage, for the implementation of which the participation of the public in the development process is very important. It is also necessary to coordinate the initiatives of the government authorities and individuals. Although the implementation of this approach was considered the most important reform, it has also been strongly criticized. Many rural development experts agree that voluntary initiatives cannot be sufficient without introduction of fundamental structural regulations. Such approach can only be successful in combination with other means and tools of development.

#### **4. RESULTS AND CONCLUSION**

Dealing with an uneven spatial compression, distribution of migration flows, income inequality and insufficient quality of life among the rural population (through the increase of free time and expansion of opportunities for education and leisure) is possible only based on the development of competitive advantages of rural areas. Moreover, along with the "first nature causes" (the factors existing regardless of human activity: natural resources

demanded by the market, geographical location, etc.), which contribute to the realization of the competitive advantages of geographical areas, a significant role in shaping and using management tools for the development of rural areas should be played by the "second nature causes" (the factors created by the activities of people and society: agglomerative effect; institutions improving the business climate, appropriate tools, population mobility, spread of innovations, infrastructure networks reducing economic distances, etc.).

The development of "second nature causes" can be promoted by establishing a network of anchor rural settlements. The idea of such settlements originates in the theory of central places by Walter Christaller, further developed in the works by August Lösch. The development of the central place system is aimed at increasing the availability of services to consumers with concurrent reduction in costs of their production and distribution. The role of central places is determined by the concentration of services that are of particular value not only for the central places themselves (the centrality function). Consequently, many new (additional) functions are "pulled" here, resulting in a concentration of functions and infrastructural facilities (Markwarti, Kiseleva and Sosnin, 2022). When selecting anchor settlements, it is necessary to take into account specific features of the settlement system, relationship between settlements, distances, availability areas of various services and the level of infrastructure development. Moreover, the analysis of the experience of selecting anchor settlements (central places) in other countries shows that the single-level system is inefficient. In some European countries (e.g., Germany and Austria), where the concept of central places is widely used, three- or four-level systems of central places have been developed, and the possibility of accommodating certain publicly financed objects strictly depends on the level of centrality (position in the hierarchy of central places). The necessary pre-condition for the effective functioning of the anchor settlement model is the developed transportation and road infrastructure.

The idea of creating anchor settlements is of particular interest in relation to the well-known core-periphery pattern used in economic geography (Krugman, 1991b), because it explains the causes of an uneven spatial development. Pulling various resources from the periphery, the centre (core) concentrates them to create innovations. The innovations generated by the centre are spreading to the periphery in two directions: to the geographically closest areas (semi-periphery) and according to the hierarchical principle (from larger to smaller settlements.). Thus, establishment of a multi-level system of anchor rural settlements can promote the diffusion of innovations in rural areas, ensuring their movement from the centres of the upper (first) level to the centres of a lower level, gradually filling the entire space.

In the context of today's realities of rural areas, we should note that innovative diffusion is very important for digitalization, including automation and artificial intelligence, decentralized energy production, cloud computing, internet of things and nanotechnology. These technologies create new opportunities for the manufacturing companies, offering labour-saving solutions and product innovations in rural areas, and support alternative employment (for example, 3D printing can create opportunities for the localized small-

scale production and drones can be used for transporting goods). Recent advances in communication technologies are changing the way in which people access goods and services. As a result, rural areas will be able to offer their residents a higher quality of life.

One of the promising alternative forms of employment in rural areas is rural tourism. Today, the demand for rural tourism is growing in the European countries (Boz, Kiliç and Kaynakci, 2018). However, residents of rural areas, as a rule, do not have sufficient information about such opportunities; they also do not have the necessary education and skills to implement rural tourism projects. Rural areas residents should be well educated and should be supported with appropriate tools and mechanism. This problem can be solved with a government programme for the development of rural tourism, including, on the one hand, provision of the necessary tools for shaping hospitality competencies among rural residents and, on the other hand, the development of a common infrastructure for tourists and hosts. Grant support for the projects in this sphere should also be provided within the programme framework.

In order to prevent the degradation and "atomization" of rural communities and improve the efficiency of using the human capital in rural areas, it is important to expand the cooperation with local communities and implement programmes to support local initiatives.

In the areas of an intensive spatial compression, the policy of a "controlled spatial compression" should be implemented. We strongly believe that the territorial approach should become the dominant approach to elaborating and implementing the state policies of sustainable rural development, the ultimate goal of which is the improvement of living standards and quality of life in rural communities by increasing the competitiveness of rural areas.

### **Statement of Research and Publication Ethics**

In all stages of the research and publication process, the principles of research and publication ethics set out by the Journal of Manisa Celal Bayar University Graduate School of Social Sciences were adhered to.

### **Contribution Rate of Authors to the Article**

All authors were responsible for making an equal contribution to the study.

### **Declaration of Interest**

The authors have no financial or personal interests that could be perceived as influencing their work.

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