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# Agrotourism: The Remaining Prospect of Employment in the Greek Countryside during the Economic Crisis

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## ABSTRACT

This article aims to demonstrate rural tourism as an alternative form of development in Greece, since it is connected with agricultural production and the cultural environment of rural areas. It focuses on the Greek countryside, attempting a short diachronic mapping of development laws. With a simple example, this article encourages unemployed young people of the Greek cities to move to the countryside, and provided that they are given proper education and training, to work on agricultural cultivation and focus on Agrotourism, with the aim to increase their low income. The basic source of knowledge is derived from personal experiences, but has also been based on Greek and international literature.

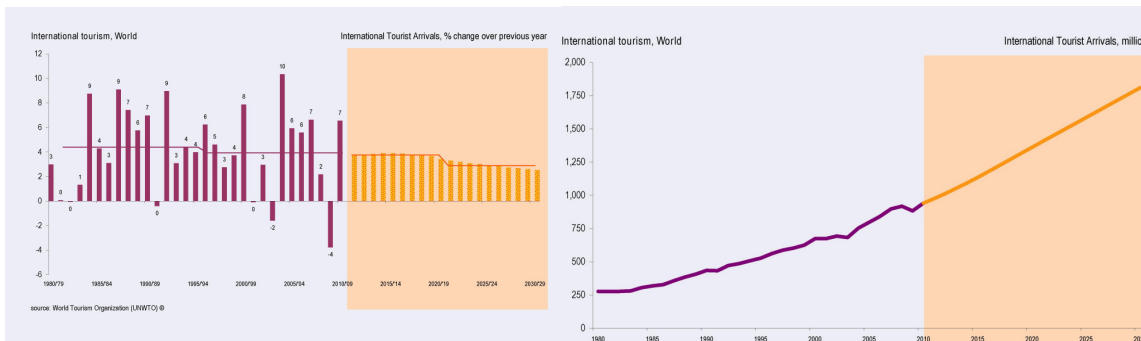
### Keywords:

tourism, agrotourism, Greek economic crisis, investment laws, education of the local people

## 1. INTRODUCTION

Tourism is neither a phenomenon nor a set of disciplines. It is a human activity, including human behavior, the use of resources, and relationships with other people, economies and environments (Bull, 2002). Tourism is both a humane and a professional activity

related to one or more aspects of people's temporary moving away from their nearby social and casual working environment, for personal reasons (Stephen, 2003). The definition of tourism by the World Tourism Organization ([www.wold-tourism.org](http://www.wold-tourism.org)) includes all activities of overnight visitors outside the place of residence as shown in Figure 1.



**Figure 1: All activities of overnight visitors outside the place of residence (Source [www.wold-tourism.org](http://www.wold-tourism.org))**

However, it states that any definition risks either overestimating or underestimating the economic activity involved. In its simplest form, this industry transfers people from their hometown to some other place (and back), offering them food and accommodation during their absence (Fennel, 2001).

On the other hand, agrotourism as an alternative form of tourism is practiced by farmers only in rural areas of the country and especially in "problematic areas" (mountainous, less favoured areas, areas with specific problems), and is required to play an essential role in the economic, social and cultural regional development of the country. The essence of the agrotourist product is an environment where the tourist has the possibility to relax, get away from the daily routine and have rural experiences (Apostolopoulos and Yiangou, 1997).

What people are looking for in rural areas is recreation and entertainment as:

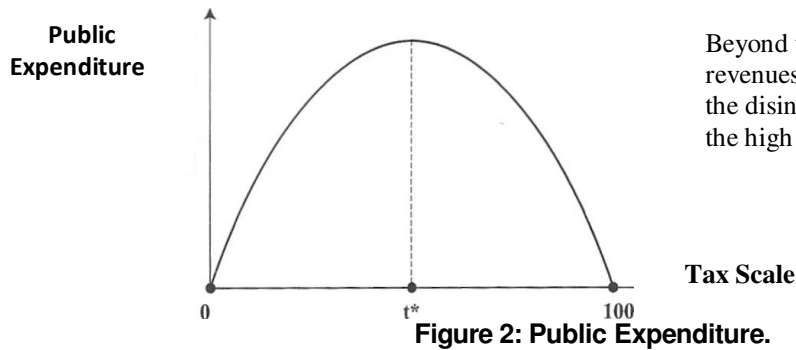
- rural areas feature the most important part of our national heritage (natural and man-made monuments)
- people's national and social-psychological identity is consolidated in "rural areas" (people are identified with the old, claiming to be its continuation)
- the biological relationship among humans, nature and the environment is established
- the economic dimension of the "rural area" as a

natural resource, the economic dimension of "old things" and "nature" is revealed (Exarchos & Karagiannis, 2004).

Thereafter, agrotourism, especially in a "controlled form", is a major production activity that has direct or indirect, positive and multiplier effects, on the economic and social life of people living in rural areas. It is, nevertheless, bound by regulations and limitations concerning the protection and management of natural resources.

## 2. THE GREEK ECONOMY OVER THE LAST DECADE

By the outbreak of the financial crisis, Greece was the "champion" of development. Especially after its entry into the Euro Zone in 2002, it achieved growth rates that exceeded those of other European countries and the USA. But this growth came almost exclusively from the private and public consumption expenditure, which in turn was based on the widely available low cost loans. In 2009, the Greek economy faced a hard landing with government budget deficit over 15% of its gross domestic product. Between 2008 and 2010, Greek production of goods and services shrank with rate over 1.5%. The recession combined with long lasting budget deficits and various loans from the IMF, the ECB and the EU increased public debt to 150% of GDP in 2011 according to McKinsey (2011).



Beyond the  $t^*$  point the tax revenues reduce, because of the disincentives created by the high tax rates

Inevitably, the country has been in a financial dead end since then, with salaries and pension cuts enforced mainly to people who had once abandoned rural Greece (and their own houses they lived in). It is those same people who are now watching the cities they live in turning into ration points for the homeless and beggars. The theory of the Laffer Curve gives us great insight for future predictions. According to Arthur Laffer's theory, a government can increase its revenue up to a point " $t$ ", but from this point onwards, Inland Revenue will decrease no matter how much tax rates rise. In detail, the theory supports that as taxes increase, less and less people will undertake entrepreneurship projects, and as a result the government will tax the 100% of the profits, while inland revenue will be zero (Exarchos, 2011). Greek governments have increased the Value Added Tax (VAT) three times over the last five years, from 19% to 21% and finally to 23%.

Naturally, anybody would wonder whether this choice will raise public revenues or it will work as a disincentive for new investments in Greece, while VAT in

other EU countries is significantly lower (Luxemburg 15%, Cyprus 18%, Spain 18%, Germany 19%, France 19,6% and Austria 20%).

Growth can be achieved only with significant increase in investments, which worryingly enough today are almost nonexistent. On the other hand, foreign investments are continuously on downward slope. Thus, there is a need for immediate implementation of a National Strategic Growth Plan.

For this reason, this paper suggests that city work forces should move to their places of origin, where they could both engage in modern agriculture and agrotourism, after having received the essential training in this field.

The following table shows that unemployment has dramatically increased, mainly affecting freelancers and many employees at small/medium businesses which filed for bankruptcy. Also, lack of demand in services has led a lot of self-employed entrepreneurs to unemployment. The following table 1 is quite illuminating as it depicts the unemployment rates of the last four years.

Table 1: Unemployment rates in Greece 2009-2012

2009	2010	2011	2012
10.30%	14.20%	20.70%	23.60%

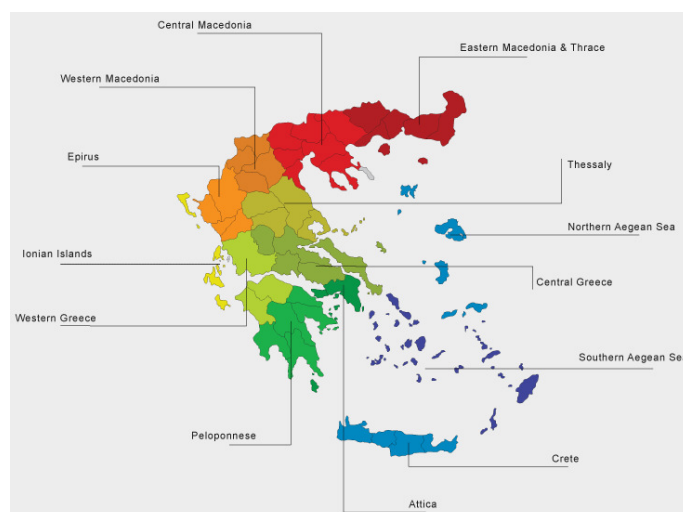
(source: <http://www.statistics.gr/portal/page/portal/ESYE>)

### 3. THE NECESSITY OF DEVELOPMENT ZONES AND EMPLOYMENT PROSPECTS

According to Eurostat statistical research, in 2008, employment in the agricultural sector would significantly decrease in all EU countries (1950-2010), and this explains why a population decrease has been recently observed in rural areas, as well as a conversion of many rural areas into "problematic areas" due to Greek terrain peculiarity (Papakonstantinidis, 1992). In our

opinion, the problematic regions of Greece have to be rearranged in order for development zones to be created for better and more rational development of productive forces.

This proposal has been based on the rearrangement of the countryside, taking into consideration social, financial and cultural factors: The special trend of productive forces, climate and soil conditions, population structure, and possibilities for further development.



**Figure 3: The 13 Prefectures of Greece.**

It has been based also on the following table, where with reference to the size, population and level of development of the regions as we know them, we focused on the most problematic areas (Exarchos and Karagiannis, 2004). These regions that deal with stagnant or declining population, are dominated by low level of production and productivity, and have lower rates of mechanization of agricultural production. From the 13

regions, we concentrated on the following three: West Macedonia, Epirus and Western Central Greece (Figure 3). These areas are unable to employ (in all three economic sectors) the surplus of the workforce in the agricultural sector and of course there is a low level of social benefits and subsidies in the sectors of health, education, culture, etc.

**Table 2: Regions of Greece – Land area and Population**

Regions	Km <sup>2</sup> Land Area	Population		
		1951	1971	2011
1. Thrace - E. Macedonia	11.115	593.783	618.312	606.170
2. Central Macedonia	13.089	847.712	975.096	1.874.590
3. West Macedonia	12.836	557.894	613.088	282.120
4. Epirus	12.182	475.867	497.858	440.950
5. Thessaly	13.929	624.342	689.927	730.730
6. W. & N. Central Greece	13.120	493.259	512.783	450.520
7. E. & S. Central Greece	13.048	500.313	533.460	4.180.700
Athens	428	1.378.586	1.852.709	2.624.890
8. W. & N. Peloponnese	10.393	615.892	630.717	656.700
9. E. & S. Peloponnese	11.046	513.130	465.673	436.620
10. Crete	8.336	462.124	483.258	621.340
11. Lesbos - Chios - Samos	2.836	281.324	254.496	197.810
12. Cyclades	2.572	125.959	99.959	111.430
13. Dodecanese	2.705	121.480	123.021	197.180

In the past few years (according to secondary sources of data) the reduction of employment in the agricultural sector of Greece has been 2.7%, which means that 18,000 Greek farmers abandoned agriculture, constituting 9.2% of the total number of farmers, a fact that leads to the gradual depopulation of these areas.

This fact is also confirmed by simple figures, as suburban areas of the country have a permanent population density of 2.35 per sq. km. while rural areas 1.90 (Population Census – Housing Census, 2011). The same source indicates that four municipalities of the country have the highest population density, averaging

11,630 permanent inhabitants per square kilometer, while the ten municipalities with the lowest population density have 2,104 inhabitants per square kilometer on average. This is also one of the reasons why this paper considers rural tourism as the remaining employment prospect of the Greek countryside, in the middle of the Greek economic crisis, with the highest unemployment rate expressed in numbers as follows: 1,120,097 unemployed people all over the country. Yet, it is worth mentioning that 56.5% is looking for work more than once a year (Gazette: "The Boeotian Time, 2012)." The total number of the employed in January 2013 is estimated to be 3,617,771 people. The number of unemployed people is estimated to be 1,348,742, while the financially inactive population is estimated to be 3,346,423 people. The unemployed increased by 281,048, compared to January 2012 (26.3% rise) (Hellenic Statistical Authority DATA April 11, 2013). Thus, it is believed today that the Greek government should focus on boosting the mountainous areas (areas of lower development) in order to achieve their sustainability, with the sole motive being the return of young unemployed people from the cities to their places of origin.

#### 4. THE DEVELOPMENT LAWS FOR REGIONAL DEVELOPMENT

The first concern about the existence of a regional problem in Greece emerged after the population census in 1951. Then development laws reinforced the region's

role, while the administrative restructuring and the spatial reconstruction opened up new perspectives for dynamic developments in the region. The most significant measures taken over this period of time involved prohibition of the establishment of new industries in Attica.

In the '60s more supplementary measures were taken, the most prominent of which were special regulations for productive investments focusing on exports and measures to strengthen the capital market. For the first time the concept of industrial districts ("Industrial Area") is introduced and their institutional framework is defined, which still constitutes a complementary policy tool aiming at industrial and regional development. This period was a reference for regional development, with the approval of the "Five Year Plan for Economic Development 1960-1964" and was set as a target for reducing inequalities in Greece.

In the early 70's more statutes were enacted that included tax and financial incentives to strengthen regional and tourism development, while for the first time the diversification of economic aid among the prefectures of the country was forecast (Polizos, 2011). Shortly after the enactment of the Law 849 / 78 , geographical zones of the country were re-categorized, according to their potential for social and economic development. Afterwards, the institution of free capital reinforcements in developmental legislation was introduced. The incentives of the same law provided grants, interest rate subsidies, tax-free discounts and increased depreciation.

**Table 3: Below is a list of the developmental laws of the Period 1982-2010**

Law No	Number of Investment Projects	Amount of investments	Subsidies	Job Vacancies
1262/82	12.062	2.281.654.836	785.493.063	92.799
1892/90	4.891	3.732.854.770	1.454.156.201	39.676
2601/98	2.319	2.556.984.522	847.614.123	19.239
3299/04	2.085	3.077.551.695	1.308.177.956	8.492

Greek Democracy - New Investment Law - Response to the crisis and development, act 3/2011

It is notable that during the implementation of development laws, 21,357 investment projects were approved in total and over 161,206 job openings were created. Greek Democracy (3/2011) as shown in Table 3. From our point of view, given the resources that were provided, 5,000 new job openings and 700 investment projects per year, in an economy with about 1 million businesses and 4.5 million employees, do not constitute a satisfactory result.

This is because by examining the main features of private investment policies, as well as the development policy of the country until today, we would conclude that the rules of the game are not clear, as

there is lack of control on expenditures, depreciation of the value of public money, preferential settings for specific sectors, management shortcomings, unrealistic and impractical targets, limited benefits for citizens, businesses, workforce, social convergence and cohesion.

Nevertheless, in order to have perspectives again in our proposal, we have to mention the law 3852/2010 which deals with aspects of regional planning and environment, and more specifically with Regional Planning and Sustainable Development for Tourism which is regulated from the Ministry Act 24208/4.6.2009. This institutional framework directs to the territorial

structure, organisation and development of tourism in Greece, formulates an action plan for the next fifteen years 2009-2024, based on the protection and enhancement of the natural and cultural environment (Fraidaki and Karagiannis, 2012). This framework provides the necessary elements for development in the tourism sector, since there is the possibility of implementation of development programs in the hospitality sector (establishment - creation of tourist accommodation, establishment of tourist infrastructure - establishment of local providers of tourist services).

Thereafter, agrotourism can be reinforced even more and that's why it is considered to be the only remaining prospect for employment in the Greek region. Every citizen can contribute to the common good of the local community with enthusiasm, passion, solidarity and conscious action.

This way, local residents will develop a stronger will, while regarding agrotourism matters they should take action to ensure the harmonization of the manmade and the natural environment of each region, and respect traditional architecture. They could contribute to the creation of green areas (parks, groves) and recreational areas, in order to satisfy not only the locals but also the tourists. Last but not least, they could contribute to the creation of the basic infrastructure: water supply, sewerage, irrigation, road networks, sports centre, conference hallsetc, in order to create conditions that fully satisfy the modern lifestyle of locals and tourists. That means that both infrastructure and superstructure projects must be on a quantitative and qualitative growth in harmony to the environment, and also must respect human aesthetics and foster a humane approach (Logothetis, 1988). The development of agrotourism activities in the Greek countryside and, more importantly, the activation of local productive forces and their involvement with agrotourism, undoubtedly provide opportunities for multiple benefits to the local societies, with the increase in employment in the region being the most significant one.

## 5. AGROTOURISM DEVELOPMENT PLANNING

The remaining Greek "tourist clusters" comprise the current "tourist stocks", and need to be set under the protection of active citizens in the local communities.

Especially, since we know that agrotourism in a rural area is a distinct geographical and / or administrative unit from a morphological and historical perspective that does not include settlements of more than 5,000 inhabitants, while the residents deal with activities in the primary sector (agriculture, farming, fishing) as mass tourism has not yet been developed (Askeli, 2005).

At this point, the decision makers of local communities in collaboration with Universities need to conduct scientific studies in order to implement sustainable projects on agrotourism development that aim at maintaining a balance in development at a local

level. This ensures the best use of tourism resources with a view to strengthening and empowering local production processes. It also ensures the protection and preservation of the traditional character and architecture of the settlements, as well as works for the protection and enhancement of local natural surroundings. That's why everything that constitutes agrotourism must receive the care of local authorities in terms of "sustainability" and be part of tourism infrastructure (with accommodation, service businesses, sports and recreation facilities, etc.), agrotourism manufactures and cottage industries as well as agrotourism revival and promotion of cultural events. This kind of "political choices" are probably going to create conflicts with interests that run against consolidated views of those seeking for short-term highly profitable actions that are often endorsed by the government, by many local social agencies and population groups (indigenous and foreign) and by those operating within the vulgar notion of "customer solicitation."

It arises that, if agrotourism is supported by local authorities, there would be a tremendous gain not only for local communities, but also for the whole country, as it can constitute the engine of local development. For all these reasons, local authorities must pay great attention so as to create profitable 'agrotourism businesses', focusing on the sustainable development of the region and not on the short-term maximization of profits.

These "elements" safeguard the cultural and social status of tourists' holidays, and their effective use for the development of "local tourism" should concern active citizens of local communities. The Law 1828/1989 which enshrined the financial independence and administrative autonomy of local authorities, provides all the possibilities that "community leaders" need in order for them to move within the "participatory democracy" and to activate their citizens in an attempt of rational planning of tourism development in their areas.

## 6. THE CATALYTIC ROLE OF YOUNG FARMERS' PROFESSIONAL EDUCATION – TRAINING ON AGROTOURISM

An important fact that we have to mention regarding Greek Agrotourism is that there are no data regarding agrotourism destinations that exist in Greece. There is also lack of data regarding the numbers of visitors, their nationality (local and foreign visitors), how many days they spend on the visiting place (one, two, or more than three days, etc.). Moreover, we have no data on the spending behaviour per tourist, or per agrotourism activity, or per agrotourism location, so we lack a lot of useful information about this market.

Thus, the State's role (who deals with rules, terms, standards, incentives, subsidies, etc.) should be, in our opinion, to immediately collect the required statistical data, but mostly to establish official professional education-training for those people that already work in the agrotourism industry (and will be

able to collect all this required data). This training on agrotourism should have a comprehensive structure and be provided to the locals that are interested in the agrotourism business, or who already work in agrotourism.

The modules and the textbooks (Publications of the Ministry of Education-Pedagogical Institute -) for the students of the 2nd course in the sector "Agriculture, Food Science and Environment" are a step towards the right direction but this is not enough. Another positive step is the introduction of the module of Agrotourism in the curricula of various Universities and Colleges. But in our opinion, the system as a whole, can take various improvements such as the following:

- Mapping of the various problems encountered by agrotourism businesses in their everyday operations
- Defining agrotourism businesses today and what form agrotourism should take when it will evolve to an industry.
- Support training courses that are hosted or subsidized by entrepreneurs already in the agrotourist industry.

As we know, the most important problems that agrotourism entrepreneurs encounter and need to be trained at are the following:

- Basic computer skills
- Accounting skills
- Marketing
- Writing skills
- Culinary skills fitted for agrotourism
- Traditional homemade products
- National and international tourism geography

Depending on the area and the type of agrotourist business, there could also be lessons about local history, traditions and topography of the area. Those lessons should include customs and traditions- old photographs - maps of diaspora - notarial deeds - private contracts - dowries - accounting books or other accounting papers - biography of prominent locals, etc., so that a national library can be created with the unique identities of all those little homelands of Greece (Exarchos, 2003).

## 7. WORKING HYPOTHESIS FOR CALCULATING AGROTOURIST REVENUE

The area under examination is considered to be agrotouristic with great prospects. We use the moderate assumption that 20 to 30 people are transported every weekend from the city of Thessalonica to "Palaios Panteleimon" at Pieria Prefecture (Driving distance: 400 km from Athens and 110 km from Thessalonica). The data is from the Prefecture of Pierias County 2011.

This means that annual visitors to "Palaios

Panteleimon" (in the next 50 weeks) are about 1,000 – 1,500 people. There are about 1,000 similar mountainous settlements in our country, and thus the travelling population in our mountainous villages will be from 1,000,000 to 1,500,000 people, that is to say 10% - 15% of the total population of Greece. If we assume that due to weekend travelling there could be an average tourist expenditure of at least 20 euros per person, there could be a turnover of 20 to 30 million euros earned by rural population.

There is great room for increase of all the relevant indicators mentioned in the above example, as these indicators could be tripled in the following 25 years with the prospect to claim a trend from the international tourism market, something that of course can give further growth to all the relevant variables.

## 8. DISCUSSION- CONCLUSION

It has become clear that there has to be a national strategy for the growth of national economy including goals and measures for restructuring rural Greece and the national redistribution of investment and employment. Unfortunately, the funds from the National Strategic Reference Framework (NSRF) have not been used for this cause. However, farmers could produce wealth, as long as they follow certain procedures apart from the cultivation of biological crops, dairy production, apiculture, snail farming, viticulture and agrotourism (Scientific Event, 2013). Every delay or refusal of new policies for agrotourism will lead to total failure. Today, we ought to assert that this is the optimum time for novel actions and interventions that will lift off the Greek agrotourism and the sense of security for the rural population, and will provide employment to currently unemployed youths.

The depopulation of rural areas has been a serious bleed for those geographical and cultural sections of our country, which let the most productive and creative people go to the bigger cities of the country, mainly Athens, where 35 per cent of the country's total population is concentrated.

Apart from depopulation, there has been a serious damage to the country's demographic evolution, the population pyramid of employees in productive sectors of economy and the geographic dispersion and distribution of population across the country. The aforementioned constitute actions for the development of the "agrotourism resources" and "localized raw materials", but without being panacea for the growth of rural areas. We think that the 4th Programme of the Ministry of Agriculture, in the strategic reference framework for Agriculture development of Greece 2007-2013 will implement agrotourism changes through Sector 3 "Quality of life in agriculture areas and differentiation of agriculture economy" and sector 4 "Implementation of LEADER approach".

Summing it up, we firmly believe that

agrotourism will increase rural population's income, improve their quality of life, and give incentives to people to stay to their places of origin. Furthermore, there will be an increase in the disposal of the local products, in parallel with environmental care, preservation and promotion of architecture and cultural legacy, improvement of rural areas and enhancement of entrepreneurship (Ministry of Agriculture, 2012). All the aforementioned can be achieved on condition that professional farmers will be given proper education to develop agrotourism along with agriculture.

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