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**MAIN DIRECTIONS OF THE STATE POLICY ON INCREASING
THE SUSTAINABILITY OF THE NATIONAL ECONOMY
DURING SPECIAL PERIOD**

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Abstract:

The increasing the sustainability of the national economy during special period is one of the key elements of the state defense policy. Therefore, this article explores the directions of developing state policy and the regulation of its monitoring, forecasting, planning, control, economic, legal and institutional management.

Key words: economic sustainability, special period, monitoring and forecasting, planning and etc.

Introduction

During the mobilization and armed conflict (*hereinafter*– special period) increasing the sustainability of the national economy and its areas, as well as significant economic-social objects (*hereinafter*- national economy) depend on the purposeful and effective activity of the public and municipal bodies and organizations developing and implementing the national policy in the Republic of Azerbaijan.

According to the national security concept of Azerbaijan threatens to the national and energy infrastructure, economic dependence and instability are among the key threatens of the country and one of the elements of the national defense policy is to establish the correlation among economy and defense [1]. Furthermore, according to the military doctrine of Azerbaijan preparation of the national economy to the mobilization and special period are one of the important integral part of the defense policy [2]. This preparation covers the principles of creating capacity of the economy, and ensuring the development and sustainability in order to meet the demand and needs of the state and population. The main duties and directions for

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developing and implementing the national policy in relation to increasing sustainability of the national economy during the special period are as follows:

- Organizing and conducting monitoring and forecasting of sustainability of the national economy;
- Planning and undertaking measures for the sustainability of the national economy;
- Regulation with economic means on the increasing economic sustainability;
- Developing the legislative, normative and legal and methodical framework;
- Financial and logistic supply of measures for increasing economic sustainability [12].

The existed national security necessitates learning new threatens against national security and preparing and implementing adequate measures. Thus, currently military aggression against Azerbaijan, geopolitical processes occurred in the region and attempts to destroy communications of international, regional and of state importance, transport and other economic establishments, as well as weakening the economy due to ensuring the sustainable development of the country during the time of war and emergencies are of important threatens to the national security. Not surprisingly that the “Azerbaijan 2020: Look into Future” Development Concept approved by the Presidential Decree of 29 December 2012, strengthening the emergency preparedness of the country and keeping the significant infrastructures of public importance in a working condition are considered among the issues of priority during the emergencies [3].

Monitoring and Forecasting Sustainability of the National Economy

Monitoring and forecasting sustainability of the national economy are conducted through systematic monitoring and control over the indicators characterize it, their assessment, as well as developing special norms, rules, preconditions and undertaking relevant measures. During the special period, the monitoring of sustainability of the national economy includes the issues of protection of population, life support, rational allocation of human/labor resources across the country and improve the structure of economy, sustainable activity of economy in special period and maintain the level of significant projects for viability, the preparedness of economy for employment and restoration of the violated rights during the special period of the economy, the analyze, evaluation and forecasting of the sustainability of the management of economy, monitoring of special norms, rules and preconditions increasing the sustainability of infrastructural establishments’ activity, as well as the control of status of implementation of the planned measures [13]. The forecasting national economic sustainability during the special period focuses on the following issues:

- Forecasting situation, losses and breakdowns in relation to the relevant scenario;
- Determining sustainability and preparedness indicators of national economy;
- Forecasting situation and opportunities of defense and important civil products of the national economy;
- Determining weak points in the national economy [14].

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The preparedness indicators of national economy are characterized with the level of enforcement of main directions of increasing sustainability and types of preparation during the special period.

Outcomes of indicators of sustainability and preparedness, as well as possible loss of population and spill volumes of destruction of economic establishments are considered a key indicator for forecasting the situation and opportunities of national economy in relation to defense and important civil goods productions and lead to identification of weak points, priority issues and determining the measures for their increase.

The monitoring of and control over the implementation of norms, rules and preconditions in relation to the increasing sustainability of national economy are considered priority in implementation of the relevant state policy [5]. Monitoring and control system are organized and conducted on the basis of territorial and sectoral context, mandate and bilateral co-operation. Main duties of public, municipal bodies and organizations in relation to organization and implementation of monitoring and forecasting the sustainability of national economy and its various areas stipulate the followings:

- Developing legal and methodical framework of monitoring and forecasting;
- Creating the following information systems (information database) in a view to working with actual data:
 - ✓ Information database about economic establishments;
 - ✓ Information database about civil defense infrastructure;
 - ✓ Information database about condition of preparedness of the national economy for a special period;
- Reciprocal organization and co-ordination of measures undertaken during the special period and peace time in the frame of the preparedness system of the national economy for special period [12].

Therefore, an important duty for ensuring effectiveness of monitoring and forecasting the sustainability of the national economy in special period is creating relevant normative and legal and methodical framework, collecting and improving relevant information and email system.

Planning and implementing measures for increasing sustainability of the national economy

Planning the measures for increasing sustainability of the national economy in a special period is of one of the priority issues for implementation of the state policy in a special period. Under the Law of the Republic of Azerbaijan on “Mobilization Preparation and Mobilization in Azerbaijan”, advance preparation, well-thought-out plan and control, a comprehensive approach and mutual agreement are main principles during mobilization preparation and mobilization in the country [4]. When planning and implementing the sustainability of the national economy the followings are considered as priority directions and measures:

- Creating, improving and ensuring the implementation of legislative framework, normative and legal basis and special norms, rules and preconditions about how to improve regional and sectoral structure of the national economy;
- Maintaining necessary establishments in order to ensure sustainability the national economy and welfare of the people in a special period;

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– Increasing the sustainability of the management of the national economy in a special period [15].

Main principles of planning the measures for increasing the sustainability of the national economy are carrying out the planning at the country, sectoral, regional, and institutional levels; reducing risks and mutual agreement over measures for minimizing peace time emergencies, civil defense measures for maintaining economic establishments and country infrastructure, and measures for preparation of the national economy for mobilization; evaluating and comprehensive approach to choosing measures for identifying significant parameters, influencing to reducing and decreasing the loss and damages in a special period and their mutual relationships; evaluating and comprehensive approach to choosing measures of coordination of the activity carried out in various fields of the economy; determining the economically effective directions and priority measures for increasing the sustainability of the economy in a peace time [].

The investment on increasing the sustainability of the national economy and key measures requiring financial and technical resources are prepared and implemented during a peace time in the framework of perspective and annual programs [6]. The planning process of increasing the sustainability of the national economy in a special period may be classified as such: preparation period, perspective planning and annual planning [8];

The preparation period aims to preparing necessary information and is one of the periods of utmost importance for this stage. This period is a bridge between the process of planning the activity for a special period and the periods of preparation and increasing sustainability. The preparation period includes the followings:

- Selection, justification and agreement of indicators system on preparation of the national economy;
- Determining the results of indicators during this period at the country, regional and sectoral levels;
- Selection of criteria for comparative evaluation of effectiveness of the measures undertaken for increasing the sustainability of the national economy and its justification;
- Selection and justification for the choice of indicators on military and economic efficiency measures;
- The possible scenarios for the country in the most severe conditions, loss and destruction forecasting;
- Forecasting situation and capabilities for the production of the country's defense and civil products;
- Determining indicators of civil defense in a special period and the level of ensuring civil products and country's economic performance [12].

In order to comparatively evaluate the effectiveness of Main directions of the activity towards increasing the sustainability of the national economy in a special period, country which is in a special period, it's subject, loss of people in dwellings and establishments, and capabilities of the national economy to manufacture defense and civil products are considered key criteria. However, from the perspective of military-economic effectiveness indicators, effectiveness of the undertaken measures in a special period, expenditures for their implementation, the duration of implementation, and the economic effectiveness of measures taken in a peace time are also estimated as valuable elements.

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Period of perspective planning aims to consider possible losses and damages, important protection and economic needs, and to justify complex rational actions carried out according to the medium-term budget resources during the planning period. This period covers the processes like analyzing features of actions and measures taken in a special period, outcomes of national economy preparation indicators, as well as developing possible complex of measures, affecting on effective selection criteria.

Possible complex of measures, which influence to the calculation of human and labor losses in a special period (first group actions) include the following key directions of the increasing sustainability of the national economy:

- Ensuring protection of the country population and their life activities;
- Maintaining necessary establishments important for the sustainability of the economy and living of population (labor forces);
- Developing management system, power and tools in a view to enforcing special period tasks.

Whereas, possible set of measures, affecting the volume of production capacity of economy for civil and defense civil products (the second group of measures) cover key directions of increasing sustainability of the national economy as follows:

- Determining the effectiveness of the first level actions and the amount of human (labor forces) loss reduction during a special period;
- Identifying the effectiveness of the second level actions and the growth of preserved production capacity of the economy during a special period;
- Determining the costs and time for performing each action;
- Identifying possible economic efficiency of actions (dual use) in a peace time;
- Actions towards compensation for possible human (labor forces) loss occurred in a special period and meeting the defense and important economic needs;
- Selection of complex of effective and rational measures during the planning period in order to achieve the targets (conditionally);
- Identifying priority of the action to be taken (taking into account the efficiency, economic effectiveness during a peacetime and their period of their performance in a special period) and preparing their action plans for the years;
- Determining the required performance limits of indicators of preparation of the country economy for a special period and their implementation dynamics for years; mutual cooperation of the competent state and municipal bodies and organizations; giving controlling instructions how to prepare targeted programs about increasing sustainability in a special period in the area and regional contexts.

The outcomes of the preparation indicators of the country economy must be used in preparation (checking) year computing plans, economic mobilization plans, and civil defense plans [4].

Annual action plans determine the volume of annual funding necessary for the implementation of actions for increasing sustainability of the country's economy during a special period. Main goal for preparing such annual funding plans is to justify the complex of rational actions, addressed to maximum reducing human (labor forces) loss in accordance with the designated funding and increasing the level of payment for defense and important economic needs. Annual planning covers the following stages:

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- Determining (precising) the outcomes of preparation indicators of the country's economy to a special period;
- Forecasting possible situation, losses and destructions to specify special period scenario based on outcomes of preparation indicators;
- Forecasting economic situation and capabilities of the country's economy for defense and civil goods production based on the recognized special period scenario;
- Analyzing the outcomes of preparation indicators of the country's economy for a special period and developing (specifying) the list of actions;
- Determining efficiency of the first and the second group actions;
- Determining (specifying) costs of the implementation of each action;
- Determining (specifying) possible economic efficiency of dual-use actions;
- Specifying the possible level of important economic needs and of human (labor forces) loss;
- Selection of complex of rational actions ensuring the sustainability of compensation and payment for defense and important economic needs and human loss.

Very important precondition for implementation of qualified planning for increasing sustainability of country's economy and ensuring its implementation is a justification of substance of actions, creating necessary methodological database and coordination of planning process [15].

Enhancing the stability of the economy in a special period through economic regulatory instruments

If the aim of the economy in a peacetime is to develop the internal production for raising the welfare of the population, in a wartime economy aims to support the demand for mobilization and war by limiting the manufacturing the second level defense and civil goods products [10]. Stopping inflation, balancing the budget, taxes and customs, mobilization for a war, conscription, foreign aids, and current problems like bankruptcy protection are inalienable part of the economic management in a special period. War economy defines tasks for the national economy, including agriculture, forestry and water management, production and processing industry, transportation, communications, power engineering, public utilities, wholesale trade and retail, finance and bank accounting, international trade [9]. Therefore, it is necessary to use economic regulation instruments in price (tariff), antimonopoly, foreign trade relations, domestic trade, minimum salary, and maximum work hours, production control, fiscal and monetary policy, and other areas of the economy. This regulation instruments are indirectly (fiscal and monetary) and directly (salary, price and etc.) regulation instruments.

Main priority of financial policy in a special period is the allocation of necessary financial resources for ensuring goods and services for armed forces and a State. In addition, there are other significant tasks of the financial policy in a special period. They are as follows:

- Protection of production incentives;
- Facilitating the shift of output from civilian to military uses;
- Equitable distribution of both the real and money costs of the war among various groups in the nation;

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– Preventing inflation, or at least limiting its extent, both during and following the military effort [11].

Tax policy plays an important role in a special period. So, special period, tax revenues and borrowing costs are carried out at the budget expenses. Taking in consideration the limited budget in a special period, the amount of military expenditures are increased through reducing the other expenditures in order to finance war. However, minimum consumption needs of the population must be taken into account.

During long-lasting wars in a special period the financing the budget deficit is made by borrowing. Undertaking measures, like restriction of lending with purpose of lending only to necessary needs, ensuring the stability of cash flow, external accounts, and protection of population incomes are monetary regulation instruments specific to a special period.

Application of limits to goods and service prices and salaries in accordance with determined necessary set of nomenclature for a special period is considered one of the effective regulation instruments. Management of salaries during a special period contributes into restriction competition in the labor market and in manufacturing the defense and important civil products, reducing of manufacturing costs through reducing the costs associated with salaries, and to reducing the demand for consumer goods through minimizing total incomes. In a special period when there is a need for reduce the demand on the limited resources, the norms providing an essential consumer goods allows equitable distribution of those goods among the population. When fiscal and monetary regulation instruments are not efficient direct regulation instruments pave the way for preventing price increase and providing material resources more efficiently [9].

Developing the legislative framework and strengthening the relevant institutional capacity

Creating and developing legal and normative and methodological framework about ensuring the solution of complex of measures for increasing sustainability of the country's economy in a special period are priority issues of execution of the relevant state policy. It is not accidental that the conceptual documents adopted at the national level consider taking constant measures for developing of the legislation and strengthening the institutional capacity to achieve development goals [7]. The national laws must specify the following regulatory measures:

- Key goals, directions of increasing sustainability of the economy in a special period and the ways of their achievement and realization;
- Competences, duties and functions of all level public institutions, also organization of the relevant activity and mutual relations;
- Main organizational principals of how to manage preparing measures for increasing sustainability of the economy and implementation processes in a special period, also mechanisms and resources for their financing and logistics.

The relevant legislation must specify competences and mechanisms of mutual cooperation among legislative, executive and judiciary in the field of increasing sustainability of the economy. Furthermore, the other issue is to determine competences and mutual cooperation of executive bodies, self-governing bodies (municipalities) and organizations. Specific actions must be determined and regulated by the legislative acts of the country with regard to the following fields:

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- Preparing actions in relation to each direction of the increasing sustainability of the economy in a special period and accountability for its execution;
- Monitoring of sustainability of the economy and organization and conducting forecasting;
- Stimulation mechanisms of economic regulation and activity of all relevant executive and institutions at all levels;
- Planning and implementation of measures for increasing sustainability of the economy;
- Procedures of providing financial, logistical and other type of activities;
- Preparing and implementation of specific norms and methodological base (norms, rules and requirements) directly associated with increasing sustainability of the economy in a special period [12].

Specific normative and methodological database must cover all necessary set of tasks in relation to each of main directions for increasing sustainability of the economy in a special period. Nonetheless, the relevant database must consist of the following main blocks:

- Compulsory norms, rules and requirements for state, regional and areal plans about future development of economy and infrastructure, establishment of new facilities, reconstruction of already existed ones (economic establishments and infrastructures) during solution of tasks while preparing projects;
- General and specific set of requirements for each of directions related to increasing sustainability of the economy in a special period fulfilled and considered along with social-economic factors and demands;
- Specific norms, rules and methodological guidelines specifying methods of solution, methods and principles in relation to each direction of increasing sustainability of the economy;
- Specific norms, rules and methodological guidelines about services for industrial (enterprise), industry, agriculture, transportation, communications, fuel and energy complex, housing and communal services, dwellings.

Preparation and development of all legal and normative and methodological frameworks should be implemented in the frame of purposeful programs.

Conclusion

The activity towards increasing sustainability of the activity of communications, transportation and other economic establishments of international, regional and public importance, also strengthening the country preparedness to emergencies in order to ensure economic activity of the country during wartime and emergencies, and maintaining the necessity volume of functionality of infrastructure of life importance during emergencies is among the issues of priority.

For increasing sustainability of the country's economy, monitoring of and forecasting sustainability, systematic monitoring and control of specifying this indicators, their evaluation, fulfillment of specific norms, rules and requirements in relation to increasing relevant indicators, organization and implementation of planning in accordance with relevant principles on specific priorities, and comparative assessment of effectiveness of actions are significant in terms of state policy results.

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Direct and indirect economic regulatory instruments on increasing sustainability of the economy in a special period allow to maintaining stability of inflation, equitable allocation of resources, involvement of financial resources for ensuring the protection and execution of other similar important economic tasks.

Creating and developing legislative and methodological frameworks related to ensuring the solution of all complex actions addressed to increasing sustainability of the economy in a special period must cover special priority and complex of issues.

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