

The Mobilization model of the Russian economy in the context of the special military operation and the sanctions: present and future challenges

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Abstract. The paper analyses the economic and military-political situation in Russia regarding the special military operation (SMO) in Ukraine. The paper shows possible threats to the country, escalation of the conflict, full utilization of existing industrial capacities and the need to expand these capacities as soon as possible. However, Russia's economy is still based on the principles of market liberalism. Existential threats show the country will inevitably come to the necessity of mobilizing its economic life to meet the challenges of its survival. The author considers the philosophy, theoretical content of the concept of «mobilization economy», its principles, signs and conditions of the country's transition to it. Also the paper dwells on the historical retrospective of its emergence. The existing politico-military and socio-economic situation is dictating the necessity to implement the model of market economy. It is also investigating the presence of its elements in the existing model of market economy. The author identifies the main steps for its implementation in Russia in the nearest future. The key conditions for the transition to a mobilization economy in Russia are: rejection of the monetarist liberal model of economic development; cancellation of the collateral auctions of 1995 results and nationalization of strategic enterprises and industries; updating the legal framework to ensure the fastest possible transition of the country to large-scale state regulation of macroeconomic economic activity; the revival of the national economic complex based on the restoration of the of the Russian energy unified system; restoration of the national strategic planning and management system of socio-economic development; the introduction of the country centralized management with the officials responsibility degree determination for the management decisions made and implemented; nationalization of the Bank of Russia. Therefore, we can conclude the objective regularity of mobilization transformation of the Russian economy in terms of further development and escalation during the military conflict.

Keywords: mobilization economy, existential threats, administrative regulation, import substitution, national security, industrial production, planned economy, military-industrial complex, concentration of funds, centralization of public administration.

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Introduction

The long term military-political crisis occurred in February 2022 due to the need for Russia to conduct a special military operation (SMO) in Ukraine has reached to a certain tension today. Also, it has gradually led to the inclusion in it (sometimes indirectly) of the North Atlantic Alliance countries and their satellites through the open and massive supply of serious heavy weapons, large-scale participation in combat actions on the side of Ukraine of its military advisers and mercenaries. Nowadays, the coalition of countries supporting Ukraine provided it with the assistance (financial, military-technical and military), as well as supporting the economic blockade of Russia, counted forty-eight. Against Russia a lot of various sanctions were imposed (10 packages of sanctions – as of 25, May 2023 and the 11th package is ready, which is planned to be introduced in May-June 2023). These sanctions affected many industries, the financial sector, the service sector, individual corporations and companies, high-ranking individuals and legal entities, representatives of the authorities, etc. there was made an attempt to block the Russian economy and destroy it in order to ensure the coalition forces operating under the flag of Ukraine will win over Russia «on the battlefield». Meanwhile, the coalition assumed that the imposition of economic sanctions would motivate and activate the internal non-systemic and hostile opposition to an open confrontation with the authorities, social chaos and the forceful illegal overthrow of the existing Russian government. This would allow Russia's opponents to quickly separate the

country, establish their direct control over the actions of the authorities, and provide direct and unhindered access to Russian resources.

Indeed, despite all the expectations of the Western anti-Russian coalition, Russia withstood the first wave of sanctions, political, and military-technical pressure. But the situation in the military zone is tense, getting more complicated day by day. The advance of our troops has been stopped, and the Russian military contingent is forced to move to active defense. The front is significantly stretched (over 1000 km), the forces and tools are just enough to ensure the retention of the occupied new Russian territories of the Kherson and Zaporozhye regions and the borders of Novorossiia. There is no issue of serious offensive actions today.

The military-industrial complex is operating at almost full capacity, providing only the minimum needs of troops in ammunition and equipment for conducting defensive operations. The availability of reserves of industrial capacities which would ensure the accumulation of military equipment and weapons to fulfill the tasks set by the President of the SMO is a challenging task. The existing military-industrial complex enterprises are loaded at full capacity. Also there are no new companies that would ensure the increasing of military-technical potential of the country. These are the consequences of the policy of active deindustrialization of the 90s of the twentieth century and one and a half decades of the XXI century. The new equipment and military potential only are under construction or design. The lack of funds, logistics and supply of materials and machinery for the troops prevail the main SMO goals – the demilitarization and denationalization of Ukraine, the transfer to Russian jurisdiction of its historical territories of eastern Ukraine and Novorossia.

The main purpose of the anti-Russian coalition, claimed by officials of the European Union and NATO, assumes the complete overthrow of Russia as a result of victory over it, the destruction of its statehood and sovereignty, the national separation, the genocide of the Russian-speaking population, forcing it to slave labor for the benefit of the «golden billion» in as the people of the «second-class». It determines the urgent need to review and provide a rapid transformation of the Russian economy, directing it to overcome the emerging existential threats to the existence of Russia as a civilization.

However, despite the presence of these serious threats and the active opposition of the anti-Russian coalition against the Russian Federation, its economy is still based on market principles. It remains Russia at the state of great uncertainty about the future prospects of the country's development and the possibility of confronting the enemy in a protracted military-political conflict. This particular state of Russian market instability in conditions of high socio-economic and military-political risks led to the realization of the need for serious changes in the socio-economic structure of the Russian national economy and its transformation into a mobilization-type economy. All mentioned above determined the relevance of our research.

Main Part

1. Theory and philosophy of mobilization economy

The issue of providing a significant structural transformation of the Russian economy has been occurred in political and economic circles for a long time. The current crisis has only become a catalyst for those issues.

First of all, it is necessary to give the definition of the term «Mobilization Economy». Nowadays, there are many definitions of it and many researchers, both in Russia and abroad, study it. The one of the reasons is: with the beginning of Russia's SMO, rapid and sweeping changes in economic life occurred both in our country and in the countries of the anti-Russian coalition, especially, in the developed market economies (EEC countries and the US). Their main criterion is profit. Therefore, there is an inability of this economic model to provide a significant increase in production, in particular military products for their subsequent shipment to Ukraine in a short time. As a result, the EEC and the US are increasingly using directive methods to manage their economies. For instance, in the US such methods are used to prevail the inflation; in the EEC such methods are the directives to impose a price ceiling on oil and oil products from Russia.

In the Russian economy, there is an active transition to the long-term planning methods. It does not correlate with the market economic model. For instance, in Russia in June 2014 was issued Federal Law No. 172¹, which established the foundations of strategic planning in the Russian Federation. In terms of this law,

¹ Federal Law No. 172-FZ on 28, June 2014 (ed. on 31, July 2020) *On Strategic Planning in the Russian Federation*

there were implemented the strategy for the development of the manufacturing industry², an energy strategy for the period up to 2035³, etc.

However, scientists and authors who study the mobilization principles of economic activity still cannot decide what exactly can be done to correlate with the mobilization economy, what are its scientific definitions, and what its concept includes in terms of today's realities. The one of the reasons is the liberal-market principles of building a socio-economic formation (SEF) in the Russian actively functioning capitalism. Some researches consider the mobilization economy as the economy of the GULAG, some understand it as the economy of martial law, some believe it as the state intervention into the market mechanism of the macroeconomic system functioning.

The discussion on the acceptability of the mobilization economy model for modern Russia was initiated at a round table organized by the editorial office of *Nezavisimaya Gazeta* in 1999⁴. The opinions of S. Glazyev (a supporter of the mobilization economy in the market mechanism), E. Yasin, L. Abalkin, A. Illarionov (in general, opponents of the mobilization economy in market conditions), and L. Abakin (allowing some of its elements) were discussed there. Indeed, there was no definite position on the concept of mobilization economy, its content and interaction with the whole market.

Nowadays, the several conceptual approaches to the concept of «mobilization economy» definition have been formed in the Russian scientific community (Ermakov, 2022).

The first approach defines the mobilization economy as an anti-crisis economy in emergency circumstances (as a kind of anti-crisis economy, by L.I. Abalkin); an economy with the predominance of state planning (Gorodetsky, 2022); an economy with the administrative allocation of resources (Grishkov, Plotnikov & Frolov, 2022); an economy with the increasing of military potential (Zubkov, 2009); an economy tending to achieve the emergency goals by the exceptional tools, etc. (Pogrebinskaya, 2020). In general, as we can analyze these approaches associated by the researchers with the mobilization economy, an essence of them is the directive model of the economy with market elements.

The second approach provides the governmental concentration of all kinds of resources in order to repel internal and external threats (Matveeva, 2018; Senyavsky, 2010). Generally, V.V. Sedov (2003) presented this approach. According to this paper, the mobilization economy is as an economy which both concentrates and uses the resources to counter threatens to the country as an integral system. Note the definition of the mobilization economy as a socio-economic system presents the similar point of view. In this case, the resources concentrated in state institutions of power are used to counter threats to the life of the state and the ethnic group as well as an integral system (Bekrenev & Krylova, 2022).

Therefore, the most common interpretations of the term «mobilization economy» are:

1. an economy concentrated and used its own resources to effectively counter an external threat;
2. an economy totally used the production resources of the state;
3. anti-crisis economy associated with the occurrence of extraordinary circumstances.

Summarizing the approaches above, we can agree with the mobilization economy definition as follows: it is a category characterizing its ability to produce the maximum amount of products, works, and services by certain industries to counter existing or potential threats to the state itself by using all available resources concentrated in state institutions (Ermakov et al., 2023).

The mobilization economy is characterized primarily by quantitative and qualitative (not cost as in market conditions) indicators of the functioning of the economy as a system. The essence of the mobilization economy is its ability to produce the maximum amount of products in natural units of measurement using the necessary volume of physical resources and determined by the tasks of mobilization. Indeed, production and resources assume the presence of a quantitative relationship of their indicators, which have size, volume

² Decree of the Government of the Russian Federation on 6, June 2020 N 1512-r. On approval of the Consolidated Strategy for the Development of the Manufacturing Industry of the Russian Federation until 2024 and for the period up to 2035.

³ Decree of the Government of the Russian Federation on 9, June 2020 N 1523-r. On approval of the Energy Strategy of the Russian Federation for the period up to 2035

⁴ Mobilization economy: the path to prosperity or the collapse of Russia? Round table in the editorial office of the Independent Newspaper. Available at: <http://rusotechstvo.narod.ru/finansy/f49.html> (accessed: 22, May 2023).

and numerical values. Meanwhile, the indicators of income, profit, and economic efficiency are not taking into account.

Therefore, the country's economy acquires the features of «mobilization» one in the conditions of preparing the country for a protracted military conflict, or during a shortage of expendable resources for conducting hostilities, or as part of the post-war restoration of a destroyed economy.

During implementing such emergency measures, the previously existing norms and rules (based on the principles of market liberalism) are canceled. Instead, measures are able to mobilize the country's resources to the maximum for achieving the goals of the government (victory in the war, economic recovery, emergency import substitution, etc.) were urgently taken. In this regard, the definition of specific (primarily military-technical) development goals, the predominance of administrative, or even coercive management methods are at the first place. Meanwhile, the role of the state in all spheres of society is repeatedly increasing.

There are several basic principles the mobilization economy is based on (Kyung, 2012):

1. The key link principle. It provides the implementation of the resource concentration policy in cells of the economic system directly affecting the planned activities. The accumulation of resources occurs at the expense of less significant economical parts. Russia has a lot of problems now, the country's economy is under the industrial stagnation for almost 20 years. And the «key link» for excluding Russia from this protracted state is the comprehensive development of the manufacturing industry. But we should remember, nowadays the industry is part of the military-industrial complex. It also includes not only to the full utilization of existing capacities, but also the early construction of new enterprises of added value. This kind of definition and implementation is an urgent governmental task. Indeed, the mobilization of the economy will contribute to a significant acceleration of this process.

2. At any sacrifice principle. It provides the prior use of noneconomic methods of the economic impact on economic entities that influencing the speed of achieving goals. Nowadays, this speed is 19-26 %. In our opinion, it is unacceptably small. Quantitative assessment of the impact of noneconomic factors on the Russian economy dynamics, % is in Table 1).

Table 1 – Quantitative assessment of the impact of noneconomic factors on the Russian economy dynamics, %

Factors of economic dynamics	Contribution of factors to economic recovery	Contribution of factors at the stage of economic recession
Contribution of economic and noneconomic factors into growth (reduction), total, including:	100	100
1) ratio of economic factors	76	68
2) ratio of noneconomic factors, including:	19	26
– psychological	4	11
– institutional and political	3	5
– innovative and technological	3	2
– physical and geographical	6	4
– other noneconomic factors	3	4

Source: Ipatov, 2009

3. Teamwork and planning principle. It assumes the unification of all economic entities into a single team under a centralized management for joint decision-making under conditions of strict centralization and full responsibility for the decisions taken. However, the creation of the State Defense Committee, established in 30, June 1941 and successfully functioning throughout the Great Patriotic War, disbanded on 4, September 1945 can be considered as an example. Its nationwide economic plan developed by a specialized state structure similar to the Gosplan created in the USSR functioned quite successfully at the mobilization stage of its development (before the Great Patriotic War, during it and during the post-war restoration of the national

economy).

4. The principle of discretization. The state of mobilization cannot last permanently or for a long time, as this will inevitably lead to a weakening of the results achieved. Therefore, it should have a limited and clearly defined time frame.

5. The principle of conscientiousness. All economic actors (corporations, businesses, organizations, firms, etc.) and civil society should know the need for a process of mobilization and the possible sacrifices made for the common good. To date, a sufficiently large part of civil society will be dissatisfied with such a policy and will not understand why it is necessary one. Therefore, we need to aware the society about the issues of mobilizing economy and its pragmatics).

2. Conditions and urgency of the mobilization economy model implementation in the Russian Federation

In order to consider the challenges of mobilization economy in the Russian Federation, there is a need to define the conditions for the transition to a mobilization economy in modern Russia and point out the basic conditions and principles of its forming.

The researchers have no consensus on a mobilization economy, the conditions for transition to it, etc. For instance, T.V. Martynenko (2021) refers to the characteristics of mobilization economy:

- 1) a high rate of savings;
- 2) protection of the domestic market from external factors (international competition and military threats⁵);
- 3) strengthening centralization of the state governing and controlling functions;
- 4) transition to long-term (up to 6 years) forecasting and strategic planning.

E.M. Buchwald (2022) characterizes the mobilization economy as:

- 1) deviation from the course aimed primarily at the socio-economic development of the country (implemented by liberal market instruments), and a decrease in the importance of the state socio-economic policy (with a reorientation to industrial policy);
- 2) increasing the accumulation rate (as a necessary condition for the implementation of an active industrial policy and large-scale investments);
- 3) reorientation of the state socio-economic policy towards medium- and short-term goals (with the definition of society needs today and in the nearest future);
- 4) strengthening the state regulation role (and hence central planning and control);
- 5) implementation of import substitution policy (through the development of domestic production. It is the most difficult task, in terms of Russia's significant involvement in dependence on import supplies of high-tech equipment, machines, machine tools, and components, as well as the presence of significant industrial cooperation with foreign manufacturers),
- 6) reorientation and scaling of the main directions of foreign economic relations (with their direction to the development of relations with countries loyal to Russia);
- 7) the inclusion of «social compensation» and maximum people savings mechanisms (through various state programs of medical care and a system of benefits).

According to Doctor of Economics, Professor Y.M. Voronin⁶, the key conditions for the implementation of the mobilization economy model are:

- 1) rejection of the monetarist liberal model of «growth», the concept of market fundamentalism and mechanisms launched in the 1990s, and the construction of a socialist-type society based on a state planned market mechanism;

2) cancellation of the collateral auctions results of 1995, nationalization of certain strategic enterprises and industries;

3) updating the legal framework (in particular, the Federal Law On Mobilization training and mobilization in the Russian Federation), the application of the adjusted and supplemented mobilization plan

⁵ All in parentheses are the author's remarks

⁶ Voronin Y.M. Mobilization model as the only and most important condition for victory over the collective West. // Arguments of the week from 10/23/2022 Argumenti.ru. Available at: <https://argumenti.ru/opinion/2022/10/795398>

of the Ministry of Defense throughout the national economy;

4) the revival of the national economic complex on the basis of the restoration of the public Russian energy unified system;

5) restoration of national strategic planning and management system of socio-economic development;

6) the introduction centralized national management.

Meanwhile, to the conditions presented above, we can add the following (Bekrenev & Krylova, 2022):

1) the country should have a resource and raw material potential sufficient to form a high-performance mobilization production system;

2) the state should have a high level of development of productive forces capable to realize an economic breakthrough;

3) the country should use the latest achievements of scientific and technological progress in key industries;

4) resource mobilization should form the internal market, since the state cannot be considered an international competitor with internal inefficiency of the economy.

Summarizing the statements above, we can conclude that Russia can not have a market economy with elements of mobilization or a mobilization economy with elements of a market one.

Also, to the characteristics of the mobilization economy presented above, it is necessary to add the conditions providing the transition to the model of the mobilization economy. These conditions include (Sedov, 2012):

1. The threats to the existence of the country and their awareness by the leaders of the state.

2. Setting goals to eliminate threats or their counter by the state leadership.

3. Development of a state plan or program to achieve the set goal.

4. Authorities organization of actions to mobilize the country's resources which are necessary for the implementation of the plan or program.

5. Creating a special inspiring of the population, ensuring a willingness to make additional efforts and certain sacrifices in order to achieve the goal. It is quite formidable for the success of the mobilization policy (the USSR experience shows such a rise requires an idea uniting the entire population of the country).

Thus, we can summarize the mobilisation model is based on the use of internal resources of the country. These resources, if the country is in danger, should be urgently used to improve its national security. Indeed, the mobilization model is a development model, rather than waiting for some spontaneous improvement of the military-political and international situation. However, the experience of the gradual escalation of the military conflict in Ukraine during the SMO, and the military rhetoric of countries hostile to Russia with their outright desire to defeat our country suggested the previous situation will not only not return but will further escalate.

The mobilization model allows the country to perform the structural reforms, the necessary industrialization and modernization of the economy, and help to protect the country from emerging existential threats. Nowadays, the attempts to overcome these challenges within the framework of the existing market economy model are ineffective and even counterproductive.

3. The historical roots of the mobilization economy

When considering the problems of Russia's transition to the mobilization economy model, our own national historical experience of its implementation should be considered. It should not be the Soviet experience only. However, it is the most indicative in this regard because elements of economic mobilization were used even before the October Revolution of 1917, during the World War I, when the country was experiencing serious military and economic difficulties.

The World War I was the impetus for the emergence of a mobilization economy occurring. It showed that Russia is able to avert external threats, but internal contradictions in the political and socio-economic spheres remained unpreventable, which eventually led to the Civil War. However, the war showed the weakness of the basic industries and underdeveloped transport infrastructure, which had a direct impact on the supply of army with food, cloths, etc.; enterprises with metals, raw materials, fuel; and the population with food and

non-food products (Mobilization economy: the concept, its boundaries and content, 2010).

In the early months of the war, a special labour regime was introduced in state military enterprises. Reserved workers could not move from one factory to another without special permission. They were deprived of the right to strike and demand higher wages. The practice of soldiers being seconded to government factories was spreading. These soldier-labourers were assigned to the factories on conditions of barracks maintenance. Failure to obey the orders of the factory administration was equated with a breach of military discipline. A total of 33,000 soldiers were seconded to state factories from military units.

In October, 1915 the special council for defense approved 'regulations on compulsory work' which stipulated that population from neighbouring areas, with the exception of clerics, civil servants, students, and teachers, could be compulsorily employed at military factories. Citizens involved in compulsory work could not be obliged to cease work without the written permission of the administration. Those guilty of failing to comply with the rules were liable to up to three months arrest or a fine of up to RUB 3,000. The public protested against this return to serfdom. However, the government ignored these protests. In 1916 the Special Conference on Defence proposed the introduction of a special procedure involving «forced labour in the form of a certain kind of conscription».

By 1916, forced forms of labor recruitment, the assignment of workers to specific enterprises, the widespread use of night and overtime work, the prohibition of strikes, etc. had spread throughout the country.

In the field of foreign trade, the Tsarist government decided to take measures anticipating the monopoly on foreign trade introduced by the Bolsheviks. In February 1916 the Special Council for Defence prohibited the entrepreneurship from placing orders abroad. Entrepreneurs could make foreign orders only through an authorized representative of the «Special Conference» which concentrated all currency for foreign purchases. This decision angered the entrepreneurs, but the government made no concessions.

In 1916 in a number of large cities for distribution of bread, meat, and sugar was introduced a card system. The norms varied from the place. On May, 24th, 1916 there were introduced rules of sugar supply: for Petrograd and Moscow – 4 pounds per month per a person; for cities with population over 150 thousand people – 2.5 lb; for other towns – 1.5 lb; for the rest of the population – 5/9 lb per month. However, before the February Revolution the card system could only be introduced in 18 cities, including Moscow.

Under the Provisional Government, the card system became ubiquitous and was extended to all provisions. Lately rationing of ration cards was diminished. In August 1917 in Petrograd and Moscow the bread ration was reduced from 3/4 to 1/2 lb per day. The urban population was forced to spend much of their time in food queues (Glazyev, 2018).

During the war, a «mobilization» economic model emerged with considerable restrictions on economic freedoms, centralized management and state regulation, administration, partial nationalization, elements of planning, food distribution, price taxation, etc. The World War I developed the direct state intervention into the economy, its subordination to military objectives, and the strict distribution of strategic goods and resources. However, all warring countries, including Russia, had the governmental control on the supply of raw materials and provisions both for production and the population, military production, transport, and labour relations, etc. As a result, the role of state institutions in dealing with economic matters increased considerably.

New forms and methods of management occurred during the World War I, new mechanisms of the relationship between government and business, were used in the post-war period already in Soviet Russia. In the USA these innovations were implemented during the Great Depression, the deepest economic and socio-political crisis. But those new economic model was formed during the World War I. The politicians, theorists and practitioners used this theory in the 1930s. This model formed the basis of the three emerging variants of mobilizing economic development: «state socialism» in the USSR, «liberal-regulated capitalism» in the USA and «totalitarian capitalism» in Nazi Germany (Mobilization economy: the concept, its boundaries and content, 2010).

To consider the possibility of implementing the mobilization economy in modern political conditions we should rely on the historical Russian experience of implementing such a model of economic development

practically throughout the XX century, especially in the pre-war, military, and post-war period⁷ of the USSR.

The USSR showed the world a unique experience of the formation and use of a mobilization economy in response to the threats to the country's existence emerged. The essence of these threats was very clearly formulated by Stalin in February 1931: «We are 50 to 100 years behind the advanced countries. We must run this distance in 10 years. Either we will do it or we will be swept aside» (Stalin, 1951).

The task was achieved through mobilization efforts, which made it possible to create an essentially new economy in just two five-year periods. Table 2 gives an overview of the quantitative changes in the USSR economy.

Table 2 – Indices of economic growth in the USSR in 1928-1940

Indices, years	1928	1937	1940
Gross social product	1	3.4	4.5
National income	1	3.9	5.1
Main production assets	1	1.7	2.4
Industrial products	1	4.5	6.5
Gross agricultural output	1	1.1	1.3
Capital investments	1	5.2	6.7
Retail turnover	1	2.0	2.3

Source: *The national Economy of the USSR for 70 years: Jubilee Statistical Yearbook, 1987*

The number of factories and towns built before the war from the late 1920s was an evidence not only of quantitative changes, but also of the qualitative transformation of the economy through the implementation of the mobilization model of the country's development. During the years of the pre-war five-year plan, 250 new towns with modern large enterprises sprang up in the country. During the first Five Year Plan (1928-1932) 1,500 new large industrial enterprises were built; in 1933-1937 4,500 new industrial enterprises were constructed: in 1938-1940 – 3,000 (Voznesensky, 1947).

The mobilization nature of the Soviet economy made it possible to defeat the Nazi, who managed to conquer almost the whole of Europe, use its material, production and human resources for military purposes, and then quickly restore the economy and ensure military parity with the USA and the NATO bloc.

Subsequently, the mobilization economy ensured a relatively high level of production of consumer goods, especially food, as shown by 1989, which can be considered the final year of the mobilization (command and administrative) economy of the USSR when the Soviet Union coming 7th in the world in terms of food consumption. Table 3 shows food production per capita in the leading countries of the world in 1989 (Kara-Murza, 2002).

Table 3 – Food production per capita in the leading countries of the world

Name of products (kg/person-year)	The USSR	The USA	England	Germany	Japan
Seed	683	842	380	462	114
Potato	219	65	105	125	33
Meat (carcass weight basis)	69	122	68	97	31
Milk	374	268	263	400	60
Sugar sand	29	24	22	50	7
Butter	6.3	2.0	2.6	6.0	0.6
Fish (crop)	40	24	24	3.4	97
Eggs (pcs.)	292	270	214	-	-

Source: Kara-Murza, 2002

⁷ We mean the Great Patriotic War of 1941-1945.

In contrast, in the first 10 years of the market economy of post-Soviet Russia, there was a twofold drop in the total production of goods. High-tech, knowledge-intensive, and eco-friendly industries declined most rapidly. The production of computers, CNC machines, and many types of high-grade rolled products has almost completely stopped. There was a significant decrease in consumer goods.

The result of market transformations was the loss in the 2000 years of the XX century of almost all types of national security: economic, technological, food, information, cultural, etc.

However, the economic security of a country depends on the share of imported goods in the total volume of commodity resources. For example, for large countries, the share of imports in the consumption of any product or commodity group, especially for food, should not exceed 30%. However, in Russia in 90s this share was significantly higher. Therefore, the overall level of real independence of the country was in the range of 30-50%⁸. The decrease in the level of economic and military potential weakened the country state sovereignty.

The result of the liberal market economy model in Russia thirty-year implementation is the unfavorable structure of the economy. This kind of economic model has predominated in terms of exported fuel and raw materials, the development of the extractive industry, and the actual collapse of the industrial processing sector, as well as the dependence of the country's position on energy prices on the world markets. Nowadays, this situation is still standing, despite the deteriorating military-political situation and, as already noted above, the operation of the remaining domestic processing military-industrial complex is actually at full capacity without the apparent availability of reserves for increasing processing capacity.

Thus, the state of the economy and the existential nature of threats to the country's future make it necessary to refer to the experience of mobilization economy formation in the 1930s. The mobilization is a necessary factor in transition of the Russian economy from a resource-based to an innovative development. It has the prospects of the earliest possible construction and commissioning of new additional facilities to achieve the SMO goals and protect the country from destruction by the West, to ensure its sovereignty, its own path of development and subsequently to raise the country to the rank of world technological leaders. Mobilization is necessary due to consolidating Russia's leading position in the global technological race. It is inconceivable without strengthening the country's defence potential to the extent sufficient to ensure national security and sovereignty.

4. The main steps of Russia towards the introduction of the mobilization economy

Indeed, it is possible to change the situation and monetize Russian natural capital with the maximum benefit for Russian citizens only if the postulates of the mobilization economy are introduced, in particular, strengthening state regulation. The government should set clear tasks for business, concerning, for example, the volume of extraction and the share of minerals involved into deep processing followed by the production of high-margin products (Abramovskikh & Babenko, 2019).

The state, of course, should develop tools contributing the establishment of conditions for accelerated construction of specialized industries, motivating businesses to develop petrochemistry, as well as improving the efficiency of resource consumption, since at the moment this indicator is at an extremely low level. We urgently need to increase the potential for the use of mineral resources, reduce losses during the transportation of hydrocarbons, engage in the introduction of modern technologies optimizing their use, and energy conservation. The new economy should be based on an energy-saving strategy, which will increase GDP at least 2 times over the next 2-3 years (Vojvodina, 2010).

However, there is no need to abandon the production of first and even second necessity. The main issue is the redistribution of resources and forces, directing them to more in-demand and necessary processes for society. Therefore, the economy will change gradually: for small and medium-sized businesses, for employees of factories, for any person living in the territory of the Russian Federation (so-called «soft» form of economic change).

This «soft» form of economic change, switching to the mobilization model, will have more radical

⁸ Russia in a globalizing world. New requirements for the development strategy. Federation Council of the Federal Assembly of the Russian Federation, 2001

management measures, since the success depends on this segment. The strengthening of the economical planned beginning, not accompanied by increased responsibility for the implementation of planned regulations, is not able to lead to the mobilization of resources. It only leads to the inefficient spending, as happened, for example, in the case of the Strategy of Innovative Development of the Russian Federation, which was supposed to lead to «the transfer of the Russian economy to an innovative development path by 2020». But this goal has not been achieved. This strategy itself is forgotten. Strategy 2020 has failed, its developers have demonstrated their inconsistency, but they are not suspended from business. They continue to actively offer their services to the society and the state apparatus representing it to develop new strategic and planning documents (Kyung, 2010).

The transition of the economy into mobilization form allows us to use Russian unique raw material potential in the production of goods offered to consumers. It will finally allow us to professionally engage into the reproduction of the mineral resource base, preserve the statehood and civilizational identity, lay the foundation for sustainable development of several subsequent generations (Martynenko, 2021).

In the conditions of modern global military-political and economic challenges, the country faces the most important challenges of strengthening national security: in the ideological, foreign policy, defense, the economic spheres, etc. Meanwhile, it is necessary to find special ways to increase the national security of the unified national economic complex. These ways have been developed by world practice and domestic economic history. Therefore, it is the mobilization model of economic development.

Qualitative components of the mobilization economy, in our opinion, may include the following:

- 1) increasing the role of the state in economic policy with optimal preservation of market mechanisms in the mass consumer sector;
- 2) establishment of a national financial system independent from the dollar, taking into account the interdiction of capital outflows from the country;
- 3) the revival of domestic science and formation of a new type of domestic innovative economy;
- 4) development of domestic large and medium-sized production on a new scientific, technical, and technological basis with the concentration of material and financial resources on priority sectors of the domestic economy and an increase in the share of state-owned manufacturing enterprises, especially in the field of production of engineering and domestic machine tool construction;
- 5) restoration of the planning system for short-term (five-year), medium- and long-term forecasting with the help of modern automated control systems based on domestic digital technologies;
- 6) formation of the development budget, a significant increase in the rate of accumulation, the volume of investments in the increase of fixed capital;
- 7) ensuring maximum protection from external factors of economic pressure through real deofshorization of the economy;
- 8) strengthening the diversification of export markets by promoting Russian goods and services to the markets of China, Latin America, Africa, and the Middle East;
- 9) restoration of the state reproduction and distribution system of the personnel reserve;
- 10) establishment of the state control effective system at all levels of executives and the economic sphere as the most important condition for strengthening executive discipline at all levels of government and the national economic complex.

Conclusions

The beginning of a special military operation in Ukraine provoked the intensive departure from the model of a market liberal economy and a gradual transition to the mobilization economy. Indeed, in Russia the era of liberal market (anti-etatist) capitalism with its principle of complete freedom of entrepreneurship and non-interference of the state in economic activity is coming to the end. It is possible to predict the change of the national economic paradigm according to the scheme: market economy – mobilization economy – directive (socialist) economy (Ermakov et al., 2023).

The mobilization economy of a country is a category that characterizes its ability to produce the

maximum amount of products, works, and services in natural units of measurement in certain industries to counter existing or potential threats to the existence of the state itself by using all available resources concentrated in state institutions of power. The criterion of the mobilization economy is to maximize the volume of production, work performed and services rendered in natural units of measurement. The essence of such an economy is not in the concentration of resources, but in their use for the production of products, works, and services in natural units of measurement in maximum volumes.

In the modern conditions of the country's development, there are already signs of the introduction of elements of the mobilization model of development:

- concentration and allocation of resources in strategic directions for the country;
- localization of production of the most important goods for the economy, the ability to manage the budget more flexibly during a crisis or emergency situations;
- introduction of restrictive measures and more active application of the regulatory function of the state (this is evidenced by the introduced changes in labor, criminal and administrative legislation),
- active transition to an advance system of financing by the Government of enterprises of the agricultural sector and the military-industrial complex;
- public understanding of power, making political and strategic decisions, insufficiency of existing production capacities for waging a full-scale war and the vital necessity of their (capacities) an early large-scale increase. It can not be implement in terms of the using the market mechanism as the basis of the socio-economic formation existing in Russia).

The key conditions for the transition to a mobilization economy in Russia are:

- rejection of the monetarist liberal model of economic development;
- cancellation of the collateral auctions of 1995 results and nationalization of strategic enterprises and industries;
- updating the legal framework to ensure the fastest possible transition of the country to large-scale state regulation of macroeconomic economic activity;
- the revival of the national economic complex based on the restoration of the of the Russian energy unified system;
- restoration of the national strategic planning and management system of socio-economic development;
- the introduction of the country centralized management with the officials responsibility degree determination for the management decisions made and implemented;
- nationalization of the Bank of Russia.

Thus, the country's short-term perspective is as follows: the longer the SMO lasts, the faster the awareness of the need to transition to a mobilization economy in Russia comes and happens.

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CONFLICT OF INTEREST

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