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CURRENT ISSUES OF NEW ECONOMIC POLICY

Abstract. The aim of the work is to analyze the essence of the term “creative industries” and determine its impact on the country’s economy. The key directions of creative entrepreneurship development are suggested.

Key words: creative entrepreneurship, innovations, culture, technology, creative economy

Neoliberal policies in Georgia have failed to ensure successful economic transformation and development, leaving doubts about the effectiveness of practical economic policy. Experience has shown that imposing the mission of improving the situation in today's global competitive economy only on local market forces is completely futile. There is a need for a fundamental redefinition of the development path, which implies the development and implementation of a complex new development policy.

Economic policy is a constant resistance between economic and theoretical perspectives and political expediency. Industrial policy arise more on the basis of a normative approach, as it aims to improve the economic situation of the country. The new industrial policy means the formation of firms by the state, their aggregation, support of innovations and competitive advantages in frame of open economy.

The goal of the research is to study the theoretical and methodological approaches of new industrial policies in order to form a theoretical framework for assessing practical industrial policy.

In the concepts of new industrial policy, we consider the endogenous theory of growth (Romer, 1990), based on the level of knowledge and research activity in the country; National Competitive Advantage Theory (Porter, 1990); National Innovation Systems Concept (Nelson, 1993), which is based on the impact of the national economic-political situation, trade policy, education sector and institutions on innovation. Furthermore, we will analyze the results of advanced research on new industrial policy issues (Novalin and Pak, 2003; Porter, 2009; Bianchi, 2010; Lynn & Chang, 2009; Hauzman, Rodríguez, 2004; Rodrick, 2004; Veid, 2010, etc.) .

World experience shows that the historical development of all levels of the radical changes and is only generating a high added value generating competitive products, which significantly increases the country's national income, healthy economic structure, a high-flow effect and impact on the welfare.

Actuality of the problem: The problems facing the economy include issues such as unsustainable economic growth, high unemployment, unskilled labor force, poverty, less investment in research and development, etc. The overriding recommendations of the United Nations Industrial Development Organization (2016) and the Frankfurt School of Finance and Management (2015) suggest the development of high value-added industries and the need for industrial policy. It is noteworthy that since the 1980s have changed definition of „industrial policy ": if it is considered state of the economy in direct intervention, the new industrial policy of the state to firms formation, their sintering, innovation and competitive advantage conduce arranged in an open economy. If traditional industrial policy had deliberately used such " hard " means of management and control as money (financial incentives) and law (regulations). Over time, “soft” tools have been added to this approach - public-private dialogue (PPD), public-private partnership (PPP), but the limitations of these approaches have also been exposed and demands on state actions and competent officials are changing. Innovative forms of state intervention need to be identified and applied.

Given the above, the relevance of the issue to the new industrial policy is beyond doubt due to the plurality of economic thinking, to the research and teaching of theoretical and practical economic policy, as well as to the practical uses of the research results.

Theoretical and methodological basis of research: There is no universal agreement about , what is industrial policy. General explained that the **industrial policy - specific industrial sectors to expand the focus of the government's policy**, which aims, political advantage instead, the competitive advantage of the goal.

Since the 1990s, industrial policy has focused on enhancing competitiveness, and in recent years there has been an open focus on **environmental (sustainable, green) industrial policy**. The United Nations Industrial Development Organization (UNIDO) coined the term - **Inclusive and Sustainable Industrial Development (ISID)**. Industrial policy today is viewed in a postmodern context. Industrial policies are policies aimed at structural change. It has two main components: 1. competition policy (antitrust regulation, ownership's rights protection, international trade rules, and so on), and 2. Policies that promote , firms " and „individuals” capacity to compete better appreciation for battle win (research and technology policy, education

and training, firms or feedback, universities interaction rabbis and so on). Education and science must be coordinated with the state and entrepreneurs for the success of industrial policy.

Industrial policy should be coordinated with fiscal, monetary, environmental and natural resources, agribusiness, competition, public procurement and education, research and technology, defense and health policies.

The new industry policy involves strategic partnerships between the government and the private sector to identify the most important barriers to restructuring and the types of interventions to overcome.

In general, the goal of successful industrial policy is to fill the private sector and not to compete with it . This applies exclusively to areas where the private sector does not have sufficient power to operate independently to create positive externalities, as well as transitional and geographic externalities.

Globalization changes the rules of industrial policy. The imperative of the new industrial policy is to demand (stimulate) the **diversification of the** emerging economy , which is unlikely to take place without the direct action of the government, as **information and coordination externalities are** hampered by diversification . Entrepreneurs should be given the opportunity to experiment with new products. In this case, industrial policy is a moving process (Housman & Rodrick, 2004), when firms and governments learn about costs and opportunities and come to strategic coordination, better coordination, and improved competence in industrial policy of state institutions.

Many scholars (historians) have argued that it was industrial policy that led to the rapid development of countries. Experience of developed countries that do not speak, who are now in the post-industrial and digital industries in the development stage, could share *in South Korea, Taiwan, Singapore, Malaysia* (the so-called East Asian miracle ") **experience**. Successful examples include the following countries: *Chile, Brazil, United Arab Emirates, Slovenia, Estonia , Turkey* and so on. Sh.

The theoretical basis, we will consider sciantifical literature in the new industrial policy. It has three basic conceptual directions, such as:

1. Endogenous growth theory (Romer, 1990), based on the level of knowledge and research activity in the country;
2. National Competitiveness Advantage Theory (Porter, 1990), which supports the formation of individual country-level industrial clusters at the microeconomic level;

3. The concept of national innovation systems (Nelson, 1993), based on the impact of innovation on the overall national economic-political situation, trade policy and education sector, and the behavior of institutions.

Given the general nature of the research problem, we consider it appropriate at the present stage to use general philosophical, historical, statistical, comparative analysis methods. In addition, we will use data from the National Bureau of Statistics of Georgia, World Economic Forum, United Nations Industrial Development Organization and the United Nations Development Program (UNDP), methodological approaches, databases, results of advanced research on new industrial policy issues (Noladny & Pack, 2003; Porter, 2009; Bianchi, 2010; Linn and Ch Guy, 2009; Rodrik, 2004; Wade, 2010 and so on).

Analysis will be based on the Competitive Industrial Performance Index, which is the industrial competitiveness strategy selection tool. On the basis of this index, we will evaluate the development and diagnostics of industrial policies in transformational countries (including Georgia).

We will also conduct a SWOT analysis of the industrialization process in Georgia, exploring advanced industries based on the Porter diamond model. Capacity indicators will be explored and explored for Georgia, such as : advanced direct investment sectors in Georgia; Basic export and import products; Trading partners; Level of savings and investment in equity; Indicators of economic development; Number of industrial enterprises; Research and development indicators in companies; Competitive advantage indicator identified; Distribution of projects by regions; Number of studies and publications ; stimulating regional expenditure; specific indicators; Number of employees by industry, etc.

Research Objectives:

1. Review of scientific literature on new industrial policy : systematization of theoretical-methodological approaches;
2. Analysis of the determinants of the success of industrial policy in the context of globalization : examples of advanced and rapidly growing countries ;
3. Industrial Policy in Georgia : Regulations, Institutional Arrangements and Strategic Visions ;
4. Assessment of Georgian industrial policy based on analysis of industrial development indicators ;
5. Recommendations for developing Georgia's industrial development strategy.

Expected results of the study:

1. Theoretical-methodological approaches will be systematized based on the study of advanced scientific literature on new industrial policy ;
2. The study of the industrial policy models of advanced and rapidly growing countries reveals the factors that determine their success;
3. revealed in Georgia industrial policy institutional and strategic vision of the relationship problems ;
4. Based on the analysis of industrial development indicators, Georgia's industrial policy will be evaluated;
5. Recommendations for Georgia's industrial development strategy will be developed.

The results of the study will be used in the study materials "Economic Policy 1", Economic Policy 2 ", " International Competitive Advantage Policy ". It will also be presented at local and international conferences and seminars, published in peer-reviewed international journals, and a monograph will be published.

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