

Measuring the Sustainability of the Orange Economy

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Creative and cultural activities, more recently encompassed in the Orange economy, have been the subject of great interest in recent decades. They have been attributed great potential as engines of economic growth and sustainable development, a role that has been encouraged by various international organizations. There has been much commentary on the important capacity of the creative and cultural sector to generate sustainable growth from the triple economic, social, and environmental perspective. Accepting this premise, there is a commitment to the creative and the cultural economy that is manifested in the proposal and the implementation of various economic policy measures.

Keywords: Orange economy ; creative industry ; cultural industry ; economic sustainability

1. Orange Economy Delimitation

The term Orange economy was coined by Felipe Buitrago and Iván Duque in the publication “The Orange Economy; an infinite opportunity” published by the Inter-American Development Bank ^[1]. This includes those activities that are part of what is known as the creative economy and the cultural sectors. The grouping of creative activities together with cultural activities in what is known as the creative sector has a practical origin related to the emergence, in the United Kingdom, of public policies focused on promoting the valorization of cultural activities and the issue of copyright. In the late 1990s, the action plan carried out by the UK Department for Culture, Media and Sport (DCMS) approved a public agenda for the promotion of cultural activities. The plan included diverse and unrelated sectors such as museums, video games, and architecture ^[2].

The term creative economy was popularized by John Howkins in 2001 ^[3], encompassing creative activities that can be expressed through art, culture, or innovation. Howkins argues that creative industries that originate from individual creativity, skills, and talent have the potential to create wealth and jobs through the generation and the exploitation of intellectual property. According to the United Nations (2004) ^[4], the creative economy is characterized by “activities having a strong artistic component to any economic activity producing symbolic products with a heavy reliance on intellectual property and for as wide a market as possible”. Howkins includes within the creative economy activities such as innovation and development, building, software, television and radio, design, music, film, games, advertising, architecture, and the arts.

The creative economy as a whole can be defined as one in which companies promote creativity, knowledge convergence and advanced scientific technology, relying on coordinated learning to create new markets and new jobs ^[5]. Although there is no single definition of the creative economy, nor is there consensus on what activities should be included in the creative economy, it is widely accepted that the creative industries are at its core and that all definitions adopt the concept of “creativity” as an essential characteristic. The combination of creativity and goods gives rise to emergence of a new product class, “creative goods and services”, including the group of “cultural goods and services” which, in addition to incorporating creativity, have an artistic or cultural content ^[6]. Nevertheless, aspects related to creativity in a broad sense are not only generated by cultural and creative industries but should also include innovation ^[7]. Beyond the debates on what and what is not included in creative economy, for the set of activities in that field, a common meeting point or common character is identified based on three aspects; firstly, creativity, arts and culture as raw material; secondly, existence of a relationship with property rights; and thirdly being an activity framed within a creative value chain ^[8].

UNESCO (2009) ^[9] points out six pillars that form the cultural domains: cultural and natural heritage, performances and celebrations, visual arts and crafts, books and press, media and design and creative services, deeply connected to local intangible assets, cultural heritage and other economic domains related to tourism and recreation ^[10].

The Orange economy includes the cultural economy, the creative industries, and the areas that support creativity. Following Rausell Köster et al. ^[10], the activities of the Orange economy are grouped into three major subgroups: creative manufacturing, cultural industries, and creative services. Although some authors consider that manufacturing by itself

should not be included, since it is not a creative activity, its inclusion is considered appropriate. The creative economy is an evolving concept as the phenomenon is very dynamic and the products generated by these industries are not traditional products, therefore they are not easily quantifiable ^[9]. The study includes those companies registered with a main activity in one of the CNAE-2009, although companies may additionally be registered in other areas.

Despite the strong development of the creative economy concept and its wide repercussion in political and academic circles, the literature on the creative economy, creative classes, and creative cities has been criticized for its conceptual vagueness and aseptic nature, for responding only to certain economic groups interests, or for concealing urban segregation phenomena ^{[2][11]}.

2. Creative Economy, an Economic Model towards Sustainability

The creative activities and culture sector have gained importance in recent years, betting on the “Creative Economy” as an alternative to traditional development models ^[2]. Many countries around the world are seeking to adopt policies to foster cultural and creative industries for economic growth, employment expansion, and nation branding ^[12].

The growing recognition obtained by the creative and cultural sector is due, in part, to the commitment to creativity and culture on various international institutions. The release in 2004, 2008, and 2010 of the Creative Economy Reports published by the United Nations Conference on Trade and Development ^{[4][6][13]} stimulated interest in this subsector as a possible source of economic dynamism in developing countries. These reports advocated the harnessing of creativity and the deployment of cultural resources in developing countries as a means for growth, job creation, and export expansion ^[14]. The rise of the Orange economy was also due to work by the UN within its sustainable development agenda framework; with the proximity to the expiration of the Millennium Development Goals, progress is being made in the development and the definition of the Sustainable Development Goals (SDGs), introducing the cultural sector as a major player. Thus, cultural industries attain an important relevance in the post-2015 development agenda.

The activities included in the Orange economy are very diverse and the impact of the different types of activities on growth needs to be studied in greater depth. Moreover, there is a lack of empirical evidence and methodologies to measure them ^[15].

Cultural and creative economy initiatives have gained space in the last two decades. Many voices point to the potential of the cultural and creative sector as a driver of sustainable development ^[16]. Its powerful role as a resource for the improvement of local cultural, social, environmental, and economic conditions is recognized. It is considered a potential resource for generating economic growth, promoting cultural diversity, human development, and social cohesion ^[17]. Creativity promotes inclusive social progress and empowers people to take responsibility for their own economic, social, and personal development; and, it fosters innovation, aspects that contribute significantly to sustainable growth ^[12]. “Creativity, knowledge and access to information are increasingly recognized as powerful drivers of economic growth and the promotion of development in a globalizing world” ^[6]. In 1987, the United Nations World Commission on Environment and Development, the Brundtland Commission, defined sustainable development as “development that meets the needs of the present without compromising the ability of future generations to meet their own needs” ^[18]. Years later, the World Commission on Culture and Development held in 1995, in its report *Our Creative Diversity* ^[19], highlighted the possibilities of the cultural sector for sustainable development. These possibilities were made explicit at the UNESCO summit held in Stockholm in 1998, elaborating an Action Plan to guide the implementation ^[20]. They were further developed in the 2005 Convention on the Protection and Promotion of Diversity of Cultural Expressions ^[21], an activity that continues today; and, follow-up reports on the guidelines and actions set out in the 2005 Convention were published in 2015 and 2018 ^[22].

In 2012, the United Nations conference was held with the aim of launching a process to develop a set of sustainable development goals ^[23]. The final agreement of the conference entitled “The Future We Want” points to the role of culture and creativity for sustainable development but falls short of fully understanding its potential ^[14]. It was in 2015 when culture was introduced into the 17 SDGs with the 2030 Agenda that took over from the Millennium Development Goals (MDGs), the global agenda promoted between 2000 and 2015. Although none of the 17 SDGs focuses exclusively on culture, the 2030 Agenda includes explicit references to cultural aspects. The new global agenda places culture as a relevant sector for development, in which cultural and creative industries not only play an important role in the production of new technologies or creative ideas but also in the generation of non-monetized social benefits ^[17]. At the 74th United Nations General Assembly, the year 2021 was declared the International Year of Creative Economy for Sustainable Development ^[24].

Many studies point to the positive effects of creative and cultural industries on sustainability [25][26]. Creative industries and culture have a positive impact on the development of inclusive societies. A shared sense of cultural identity and cultural values help strengthen social cohesion [12][27]. They provide inclusive social development and encourage people to take responsibility for their own progress. They also promote innovations that are crucial for sustainable development [28][29][30][31]. Cultural and creative activities are activities that promote tolerance and social inclusion. Creative industries provide an invaluable social cement, contributing to the feeling of belonging to a society [32].

Contrary to previous visions of creative and cultural economies as generators of sustainable growth, there are voices that are critical in this regard [33][34]. There is debate in the academic literature regarding the absence of links between the creative economy and sustainability. It is far from clear that these sectors contribute to social and environmental sustainability. In relation to the social pillar, critical views point out that precarious labor conditions often present in these sectors do not seem to support the idea of the culture and creative sector as leading to sustainability. For example, the gentrification phenomena, which attracts the creative class, leads to the displacement of underprivileged classes to other areas or neighborhoods of the city [35]. Regarding the environmental pillar, there is a fairly widespread assumption that creative and cultural industries generate less impact on the environment and they are inherently clean. Nevertheless, this consideration does not take into account that many of the industries included in the creative and cultural sector consume a lot of energy and are often extremely polluting.

Although the creative and the cultural industries have positive aspects such as their capacity to generate income, employment, and social inclusion, there are also less positive aspects. The sector faces extreme levels of demand uncertainty, monopolistic tendencies, complex labor markets, plagiarism, and theft of property rights [27].

Beyond the acknowledged benefits of creative economy and culture as an engine or a model of sustainable development or the criticisms of this assumption, there is a lack of empirically proven results [12]. It should be borne in mind that this is a sector that is difficult to measure because it involves numerous self-employed and part-time workers [36]. In addition, the creative and cultural sector, in its own denomination, includes activities with very different characteristics that involve different consumption of environmental resources, different forms of activity organization or human resources, among other aspects [37]. In view of this diversity, an intra-sectoral analysis of the different activities included in the Orange economy denomination seems appropriate.

3. Growth of Creative Economy and Cultural Sectors

Much research has focused on the potential of the cultural and creative economy to become the new engine of the economy after the economic slowdown following the 2008 crisis [11]. The creative and cultural economy has attracted great interest from researchers because they are considered drivers of economic growth for their value creation capacity and for their impact on innovation, resulting from the activation of cross-fertilization processes between sectors [15] and generating positive externalities in other sectors [2]. They act as catalysts for innovations taking place in other sectors and they are one of the fastest developing sectors of the world economy, generating income growth, new jobs and export revenues [12][38].

The interest in positioning the creative economy as an engine of growth has even been the subject of attention from supranational organizations, such as the United Nations Educational Scientific and Cultural Organization. They are an important instrument for regional and urban innovation policies, as well as for economic growth [6], and they represent a strategic priority sector on the European Union's agenda [2]. Studies have suggested a strong relationship between the presence of creative industries and regional development. Creative and cultural industries are important contributors to the richest regions' economies in Europe [15]. Data derived from several countries indicate that in many cases this sector has been growing faster than traditional sectors such as manufacturing [14]. Statistical figures show that the share of the creative economy in the GDP of the most developed countries is steadily increasing [39].

The creative economy is often presented as an antidote to low growth and crisis. The cultural and creative sectors have shown, in European countries as a whole, more resistance than the rest of the economy to the crisis onslaught [10]. In the UK, following the financial collapse of 2008, the creative and cultural sector has grown in 2015–2016 by 7.6% compared to a growth rate of 3.5% for the overall economy [40]. The creative economic industry has been shown to have a positive effect on GDP in many developing and developed countries [2][5].

Focusing on the cultural sector, the recognition of the potential for the economy opened an avalanche of research seeking to better understand the dynamics of cultural industries and how they produce economic growth. Over the past two decades, cities around the world seeking new sources of economic growth and revitalization have invested significantly in

a variety of cultural economic development strategies ^{[41][42]}. Looking at the studies conducted, specifically for the United States, the results indicate that, at the national level, the cultural economy did not experience a significant decline during the recession between the years 2006 and 2009 ^[43]. On a regional scale, however, it can be observed that this variation was not uniform and those in which a cultural economy had grown the most in the boom period were the most affected by recession. In conclusion, there is growing scientific evidence that the impacts of cultural and creative sectors have perceptible effects on aspects related to productivity and the wealth of regions, e.g., in USA, Australia, and Europe ^[10].

Much work has demonstrated the benefits of the creative economy and culture on growth, employment, and income generation, but voices have also been raised with a more critical view. It should not only seek growth but also think about the kind of growth that is desired. Growth is positive but it should be noted that rising incomes fail to solve a wide range of social and economic problems, even for the wealthy. Growth per se does not lead to the improvements that society demands ^[44].

The existing levels of creative economic growth may appear to provide overall benefits, and it is quite clear that the opportunities and rewards of such growth are not shared equally. Banks (2018) describes several limitations of growth. First, growth is not shared with society through better wages and more stability, but instead reverberates into higher profits for those already in a dominant position. Secondly, the creative and cultural economy has not addressed environmental issues; it has been taken for granted that they are “intrinsically clean”, which is not at all proven. Third, the creative growth approach tends to reduce culture to an economic resource. Lastly, the approach to creativity and culture is not aimed at the pursuit of cultural democracy but at growth oriented to meet seemingly inexhaustible consumers demands.

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