

The Purple Economy and Sustainable Development in Algeria (Requirements and Challenges)

الاقتصاد البنفسجي والتنمية المستدامة في الجزائر

(متطلبات وتحديات)

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Abstract:

This paper seeks to include an analysis of the most important requirements of the transition toward the purple economy in Algeria with a view to achieving sustainable development on all social, economic, environmental and cultural aspects, as the study showed that small and medium enterprises as well as the tourism sector have a central role to play in the process of the transition toward the purple economy, through the ingredients that the latter provides for the advancement of the Algerian economy.

keyword: Purple Economy; Sustainable Development; SMEs; Tourism

JEL classification code : O10, Q01, Z32.

ملخص:

نحاول من خلال هذه الورقية البحثية تضمين دراسة تحليلية لأهم متطلبات التحول نحو الاقتصاد البنفسجي في الجزائر بهدف تحقيق تنمية مستدامة على مستوى كل الجوانب الاجتماعية، الاقتصادية، البيئية والثقافية حيث بينت الدراسة أن للمؤسسات الصغيرة والمتوسطة بالإضافة إلى القطاع السياحي دورا محوريا في عملية التحول نحو الاقتصاد البنفسجي، من خلال ما توفره هذه الاخيرة من مقومات تسمح للنهوض بالاقتصاد الجزائري.

الكلمات المفتاحية : الاقتصاد البنفسجي؛ التنمية المستدامة؛ المؤسسات الصغيرة والمتوسطة؛ السياحة. **تصنيف JEL :** O10، Q10، Z32.

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1. Introduction:

Recently, a range of economic terminology has emerged, not as familiar as traditional macroeconomic, microeconomic, objective and normative topics, and also within well-known schools of economic thought. The concept of Smart Economy, the environmental economy, and so on has emerged. Very recently, talk began about other types and branches of the economy, resulting from development or from societal and institutional attention to specific issues, including the purple economy.

The purple economy means: A economy with values that are closely linked to the culture of society. This brings about the response and interaction of the cultured person, so that culture is a servant of the economy and a link to its goals. Culture is described as the soft power of the extreme impact of the economy.

The term made its first public appearance in France on 19 May 2011, at the initiative of the association, Diversum, in a manifesto published on Le Monde.fr, the day before the World Day for Cultural Diversity for Dialogue and Development. The 1st International Purple Economy Forum, organized by Diversum, was later held in Paris, from 11 to 13 October 2011, under the patronage of UNESCO, the European Parliament and the European Commission (Santosh Kumar Tripathi, 2018).

Based on the above, the following problem can be raised:

What is the requirements of the purple economy in achieving sustainable development in Algeria?

2. Sustainable Development (SD):

Sustainable development is a comprehensive, integrated and coordinated process among all sectors and should not be limited to one sector at the expense of the other, but should not depend on one axis. In order to achieve economically, ecologically and socially sustainable

development It is, therefore, incumbent that society work toward integral, equitable and sustainable social and economic development.

2.1. Definition:

Sustainable development requires the integration of economic, environmental, and social objectives across sectors, territories, and generations. The refore, sustainable development requires the elimination of fragmentation; that is, environmental, social, and economic concerns must be integrated throughout decision making processes in order to move towards development that is truly sustainable (Dernbach, 2003).

The overall goal of sustainable development (SD) is the long-term stability of the economy and environment; this is only achievable through the integration and acknowledgement of economic, environmental, and social concerns throughout the decision making process (Cerin, 2006). The key principle of sustainable development underlying all others is the integration of environmental, social, and economic concerns into all aspects of decision making. All other principles in the SD framework have integrated decision making at their core (Dernbach, 2003) It is this deeply fixed concept of integration that distinguishes sustainability from other forms of policy.

Institutionally, government organizations are typically organized into sectoral ministries and departments. This works fairly well until the system encounters something very comprehensive and highly integrated in nature, such as sustainable development. In practice, sustainable development requires the integration of economic, environmental, and social objectives across sectors, territories, and generations. Therefore, sustainable development requires the elimination of fragmentation; that is, environmental, social, and economic concerns must be integrated throughout decision making processes in order to move towards development that is truly sustainable (D.N.V.Krishna Reddy, 2017).

The notion of sustainability involves rethinking development to integrate environmental, economic, social and cultural goals. To be sustainable, development must foster protection and rehabilitation of ecological systems, improve economic efficiency and enhance the well being and cultural diversity of the population. In general, the concept of sustainable development includes not only environmental, but also economic, social and cultural aspects and is based on the main principles of integrity of the ecosystem, economic efficiency, social and intergenerational equity and cultural diversity (Gražulevičiūtė, 2006).

2.2. The reality of sustainable development in Algeria:

The Algerian economy has gone through many stages and has experienced a series of financial and economic crises since independence to date, during which time a series of economic measures and reforms were undertaken to achieve sustainable development, all of which were part of the Algerian policy of sustainable development. Immediately after independence, Algeria started to structure its institutions for rebuilding the Algerian state and to draw up a new development policy through the socialist approach based on the participation of the people in the development work and the adoption of a set of development plans to follow the most prominent of them:

- The *three-year* programme (1967-1969);
- The *four-year* programme I (1970-1973);
- The *four-year* programme II (1974-1977);
- The *five-year* programme I (1980-1980);
- The *five-year* programme II (1985-1989).

The first development plans were marked by a major success but were characterized by dependence on central decision-making power, and by the international economic crises that affected the fuel sector in 1980 and the collapse of oil prices in the world market in 1986, Algeria witnessed the beginning of the deterioration of development policies, as the Algerian economy depends on the fuel sector to finance its

development programs. This required the embodiment of a series of economic measures and reforms, supported by the International Monetary Fund, which extended to 1993 through the restructuring of public institutions and the trend toward their establishment, thus paving the way for the abandonment of the socialist and centralized decision-making approach. In the last ten years, Algeria has witnessed a series of development programs aimed at achieving sustainable development, starting in 2001, which we make clear in the following table:

- **The Support Programme for Economic Recovery (PSRE) 2001-2004:** From 2001 to 2004, the government implemented a \$7 billion economic revival plan (PSRE) to boost growth and jobs. It set up a revenue regulation fund (FRR) in 2000 to enable the budget to be adapted to oil price fluctuations and drew up a medium-term expenditure framework (MTEF) independent of oil/gas revenue. It reformed taxation to gradually reduce the government’s dependence on oil/gas revenue and divert spending to education and health with the aim of preparing the way for economic liberalisation by giving people more skills and qualifications.

Table 1: The Support Programme for Economic Recovery (PSRE) 2001-2004

The planned	Period	Economic	Social Dimension
The Support Programme for Economic Recovery (PSRE).	2001-2004	Supporting labour-intensive activities and developing small enterprises, as well as developing the agricultural sector.	Development of educational facilities, and improvement of the living framework of the population

Source: Prepared by the authors based on a set of references

- **Supplementary program to support economic growth and The supplementary development programmes in the high plateaux and south 2005-2009:** the supplementary support programme for economic growth (2005-2009) and the special programmes for the High Plateaux and the South, worth an overall total of around \$207 billion, has been a decisive factor in reviving economic growth, and supplementary development programmes in the high plateaux and south regions have helped to foster development throughout the country.

Table 2: Supplementary program to support economic growth and The supplementary development programmes in the high plateaux and south 2005-2009

The planned	Period	Economic Dimension	Social Dimension
Supplementary program to support economic growth	2005-2009	Supporting economic development, and infrastructure development.	the eradication of poverty, the right to work and to education, and the development of an infrastructure for public services.
The supplementary development programmes in the high plateaux and south	2006-2009	Industrial sector development, Support and development of peasant projects	Development and support of the justice sector and support for local development schemes

Source: Prepared by the authors based on a set of references

- **The five-year programme 2010-2014:** With regard to housing, the *five-year* programme provides for the construction of 2 million units, including social housing, It also aims to develop an institutional mechanism to expand health-care coverage for low-income patients.

Table 3: The five-year programme 2010-2014

The planned	Period	Economic Dimension	Social Dimension
The <i>five-year</i> programme	2010-2014	Support for peasant and rural development projects, support industrial development and support the establishment of SMEs	Support scientific research and funding mechanisms for the creation of job positions and the integration of university graduates

Source: Prepared by the authors based on a set of references

The financial situation of Algeria, starting in 2000 as a result of the oil revenues, allowed the launching of a series of public investments aimed at achieving sustainable development at all levels. These investments have been launched in the form of development programs, each of which contains a range of themes that take a range of development dimensions aimed at achieving sustainable and inclusive development.

These wide-scale programmes have created an environment which encouraged improvement in people's lives and elaborated infrastructures and services for development, modernized technology and established a new economic and social dynamism in the countr.

3. The purple economy:

The purple economy is an alliance between the economy and culture, to humanize globalization to reconcile economic development with sustainability. It is a promising area as a model based on cultural development to emerge from economic crises, to guide the future economy, as well as to renew productive activities. The contribution of the purple economy to the creation of a rich and diverse cultural environment makes it central to the achievement of the goals of progress and well-being.

3.1. Definition:

The purple economy refers to taking account of cultural aspects in economics. It designates an economy that adapts to the human

diversity in globalization and that relies on the cultural dimension to give value to goods and services.

The purple economy is multidisciplinary, in that it enriches all goods and services by capitalizing on the cultural dimension inherent to every sector. The sensory, experiential economy is one application of this. It differs from the cultural economy, which is sector-based (Santosh Kumar Tripathi, 2018).

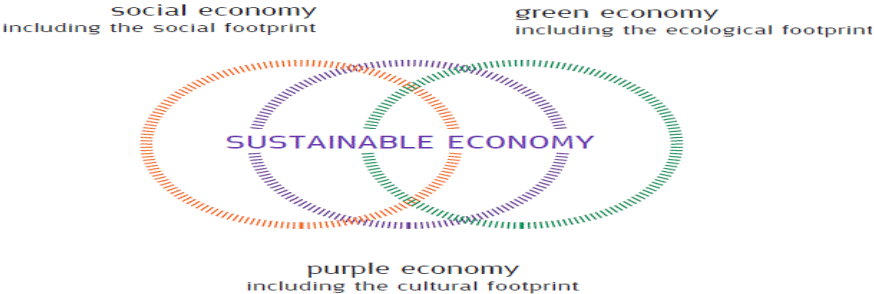
The dynamic, healthy connection between the economy and culture encourages a view of culturalization as a field of opportunity and responsibility. Along with the green economy (which includes the ecological footprint) and the social economy (which includes the social footprint), the purple economy, with its cultural footprint, constitutes the third pillar of the burgeoning transition beyond purely quantitative growth.

The purple economy refers to an economic order which is organized around sustainability of caring labor through a redistributive internalization of the costs of care into the workings of the system just as the green economy is organized around sustainability of provisioning by nature through internalization of environmental costs into production and consumption patterns. Special measures aimed at reducing the unpaid work burden of rural households. An efficient rural physical infrastructure reduces women's unpaid work of carrying water, collecting firewood, farming and food processing. (İlkkaracan, 2016).

3.2. Connection to Sustainable Development:

The Three components of a sustainable development-

Fig.1 : The three components of a sustainable economy



Source: (Santosh Kumar Tripathi, 2018)

The purple economy emphasizes the presence of externalities: the cultural environment from which agents draw and on which, in return, they leave their own footprints is a common good. As a result, the purple economy sees culture as an axis for sustainable development. In fact, culture has been a whole sub-section of sustainability since the beginning. Corporate social responsibility can even be said to have originated in the International Covenant on Economic, Social and Cultural Rights adopted by the United Nations in 1966. This issue is just one of the different components of sustainable development, alongside concerns relating to the natural environment (green economy) and to the social environment (social economy) (Santosh Kumar Tripathi, 2018).

2.3. The requirements and challenges of the transition to the Purple Economy for Sustainable Development in Algeria:

The evolution of the concept of development in the form of multiple-factional models has led to the expansion of this model and the task of the way to recognize the role of culture. Although the theme of culture was not included in the millennium development goals adopted in 2000, country-level evidence and global recognition have highlighted the role of culture and its contribution to sustainable development efforts.

2.3.1. The reality of SMEs in Algeria:

SMEs can enjoy a number of behavioral advantages over their larger counterparts in innovation (e.g. rapid response to threats and external opportunities; effective internal communication; interactive management style) (Roy Rothwell, 1991), are non-subsidiary, independent firms which employ fewer than a given number of employees. This number varies across countries. The most frequent upper limit designating an SME is 250 employees, as in the European Union. However, some countries set the limit at 200 employees, while

the United States considers SMEs to include firms with fewer than 500 employee, The definition adopted for SMEs in Algeria is that contained in Act No. 17/02 of 10/01/2017, which is the guideline for the development of SMEs.

Table 4: Definition of SMEs according to Algerian law

Company category	Staff headcount	Turnover	Balance sheet total
<i>Micro</i>	< 10 Workers	≤ 40 million	≤ 20 million
<i>Small</i>	< 50 Workers	≤ 400 million	≤ 200 million
<i>Medium-sized</i>	< 250 Workers	≤ 4 billion	≤ 1 billion

Source: Prepared by the authors from the annual information bulletins N°33 of the Ministry of Industry

Statistics from the latest SMEs information bulletin issued by the Ministry of Industry show that the SMEs sector in Algeria is booming. Indeed, the total population of private SMEs during the first half of 2018 , is 1093170 SMEs, and that is higher than the total number of SMEs of previous years. The following table is used to quantify the evolution of this entity during the study during the first half of 2018:

Table 5: Enumeration of SMEs in Algeria during the first half of 2018

Types of SMEs		Number of SMEs	%
<i>Private SMEs</i>	<i>Moral person</i>	628219	57.47
	<i>Physical person</i>	464689	42.51
	<i>Liberal Professions</i>	223195	20.42
	<i>Artisanal activities</i>	241494	22.09
<i>Public SMEs</i>	<i>Moral person</i>	262	0.02
Total		1093170	100.00

Source: Prepared by the authors from the annual information bulletins N°33 of the Ministry of Industry

The overall workforce of SMEs at the end of the first half of 2018 is 2690246 of which only 22073 are public Smes. It should be noted that the overall SME workforce increased by 3.39% between the first half of 2017 and the first half of 2018.

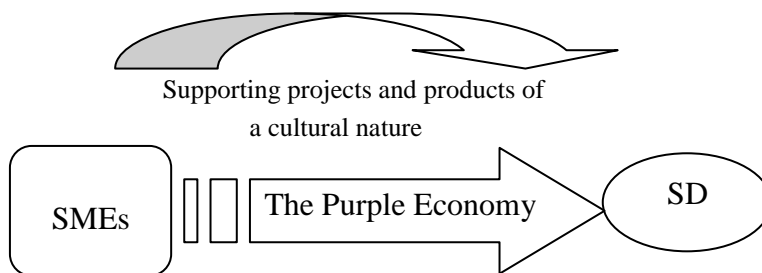
Table 6: The contribution of SMEs to employment during the first half of 2018

<i>Types of SMEs</i>		<i>Number</i>	<i>%</i>
<i>Private SMEs</i>	<i>Workers</i>	1575003	58.54
	<i>Employers</i>	1093170	40.63
<i>Public SMEs</i>		22073	0.82
<i>Total</i>		2690246	100.00

Source: Prepared by the authors from the annual information bulletins N°33 of the Ministry of Industry

Small and medium-sized enterprises (SMEs) can be said to be a key pillar in the transition to the purple economy in Algeria through the strengthening of cultural enterprises. Support for SMEs development is particularly important. The key to structural transformation and employment generation is the growth of small and medium-sized enterprises. Governments can also support SMEs by purchasing their goods and services.

Fig.2: Requirements for the transition to a purple economy by SMEs



Source: Prepared by the author based on a set of references

Improve institutional capacity for advocacy and marketing of cultural products and the protection of intellectual property. The latter can be incorporated in indigenous material or goods or services of a cultural nature, At the same time, local factors must not be neglected, for example products involving cultural identity, To provide the necessary managerial and organizational infrastructure for the efficient and effective presentation and marketing of the cultural products.

2.3.2. The reality of the tourism sector in Algeria:

Tourism activity is among the economic activities of interest to countries, Algeria seeking to develop this strategic sector, It is experiencing a qualitative shift in tourism through the provision of a range of tourist services.

- **Algeria's hotel infrastructure:** Algeria boasts an important hotel barn, with the number of hotels at the end of 2017 reaching about 1289, The hotel infrastructure in Algeria falls into two main categories, which can be summarized as follows:

Table 7: Shelter capacity by regional character and legal sector

Year	Designation	Character of hotels	Number of hotels	Shelter capacity
2017	Distribution by regional character	Urban	949	69 861
		Seaside	239	31 326
		Saharan	59	4 928
		Thermal	23	4 266
		Climatic	19	1 883
		Total	1289	112 264
	Distribution by legal sector	Public	65	18 613
		Private	1162	87 145
		Local or mixed collectivities	62	6 506
		Total	1289	112 264

Source: (<https://www.mta.gov.dz>)

In short, Algeria has significant hotel and tourism enterprises structures classified into public hotels, Private and Local or mixed collectivities hotels, divided by regional character into Urban, Seaside, Saharan, Thermal and Climatic, With a total equator capacity estimated at 112 264 Family during 2017.

- **Tourism agencies and travel agencies:** Tourism agencies are commercial enterprises that consistently practice tourism activity, organizing individual or group tours and stays, whether internal or external, and also play an important role in defamiation of tourism by offering travel and accommodation packages. In 2017 Algeria witnessed a remarkable growth in the number of accredited tourist agencies and travel, which is governed by Act No. 99-06 of 04 April 1999 establishing the rules governing the activity of the Tourism and Travel Agency. Algeria registered about 1918 agencies in addition to 302 branches of foreign tourist agencies at the end of 2017, as shown in the following table:

Table 8: Tourism and Travel Agencies (ATVs)

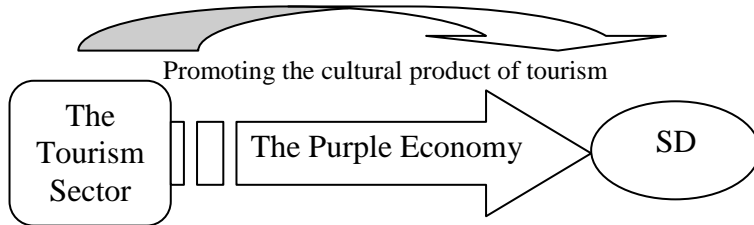
Year	Designation	
2017	Number of active ATVs	2 220
	Number of category "A" ATVs	1918
	Number of category "B" ATVs	
	Number of branches category "A"	302
	Number of branches category "B"	
	Number of sessions of the National ATVs Accreditation Commission	12

Source: (<https://www.mta.gov.dz>)

Tourism can be said to have a role in the transition to the purple economy in Algeria through the improvement and development of

cultural tourism, which is of particular importance. The key to the structural transformation of the Algerian economy is to develop mechanisms that allow the promotion of cultural tourism, particularly because of Algeria's cultural diversity.

Fig.3 : Requirements for the transition to a purple economy by tourism



Source: Prepared by the author based on a set of references

4. Conclusion:

The purple economy is more than just a new term student, because its dimensions have exceeded the economic values of cultural output, as it has become a more rich and diverse cultural environment, making it an essential engine of progress and wealth. A sustainable economy is based on making natural resources and human resources more efficient and reduces dependency on fluctuations in energy prices.

In Algeria, cultural diversity is an important factor in the transformation toward the purple economy for sustainable development in all fields and aspects, as well as a range of requirements, as Algeria has tried to develop meaningful development programs and provide them with natural factors conducive to the transition to cultural tourism, in addition to the business environment that characterizes the economy, helping to create small and medium-sized enterprises of a cultural nature.

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