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MAKE MATERIAL CULTURAL HERITAGE WORK

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Make Material Cultural Heritage Work
*Managing Soft Industrial Design as a Policy Instrument*

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Abstract

As the first front of industrialization, the closest to local resources and traditional knowledge, and the least demanding in terms of financial capital and technological innovation, material culture-based goods have become a modern example of sustainable and endogenous growth based on small and micro cultural firms. For these reasons, goods based on material culture are, in relative economic terms, more important in developing countries, where technological innovation and industrial mass production are less common. A brief discussion of the definition of material culture and a historical overview of the sector’s evolution will be followed by an analysis of quantitative data on the economic importance of artisan goods on national and international markets. The focus of the paper is to present a model on the transition from traditional handicraft production to soft industrial design and address the two main policies which should be adopted: the cultural district perspective and the assignment of collective trademarks.

Keywords

Material culture, soft industrial design, endogenous growth, industrial districts, collective intellectual property.

I. Introduction

Mainstream cultural economics largely neglects the anthropological, sociological and economic value of humankind’s material culture, whose goods and services are beyond any doubt live witnesses to the evolution of every civilization or culture (Keesing, 1958; ITC/WIPO, 2003). Culture is not only made up of Leonardo’s paintings or Thomas Mann’s novels, as the Pharaohs’ Pyramids, Armani fashion and traditional Chinese silk are real expressions of culture too. Goods and services based on material cultural heritage, i.e. the special area bordering intangible-oral and tangible-natural cultural heritages, are also neglected because of the old stereotype about the low quality/low economic value of handicrafts and local traditions: the primary products of material culture. Material culture production was banished into the region of technological backwardness. Its captivating aesthetic side was blunted. As a result, material culture is subject to too little consideration in cultural programs and economic development strategies (Moreno, Santagata and Tabassum, 2005).

If, however, material culture had a low economic profile in the past, a crucial turning point is expected nowadays, namely the passage from traditional handicraft to industrial design. Today there is worldwide evidence that the trade of material cultural products constitutes one of the main roads towards local development, especially for micro enterprises and local communities, “...allowing them to develop in accordance with their own characteristics, providing them with new economic activities and thus enabling them to become less vulnerable and less dependent on current more erosive development strategies” (Moreno, Santagata and Tabassum, 2005). Material cultural heritage along with its intangible technical and aesthetic traditions provides, in practice, the only endogenous endowment of capital for most of the developing countries, when natural resources and agricultural surplus are missing.

On the contrary, international experience has shown that craftsmanship was not always the realm of low quality production: it can attain aesthetic quality, symbolic value and significant production as well. However handicraft must change to reach these goals. While it must preserve or catch up with its traditional high quality, it has to develop greater productive power. The industrial design model, therefore, appears as an appealing economic perspective.

According to the rules of modern industrial design, goods based on material culture can provide a modern example of sustainable and endogenous growth based on micro firm clusters, cultural districts or localized cultural industries (Pyke, Becattini and Sengenberg, 1990; Santagata, 2001 and 2006; Becattini, Bellandi, Dei Ottati, Sforzi, 2003), because they are the first front of industrialization, closer to local resources and traditional knowledge, less demanding in terms of financial capital and technological innovations and most concerned with intellectual property rights to protect their intellectual value.

The aim of this paper is to present a model of endogenous local economic development based upon the transformation of the handicraft sector through the new rationale of soft industrial design, that is a design strategy adapted to micro enterprises. The economic characteristics and advantages of this transformation, as well as the main traits of a policy for its implementation, including the role of intellectual property rights in cultural markets, will be discussed below.

The first section of the paper will define the concept of material culture. The second section will sketch the historical background of the industrial design and compare it with the traditional handicraft. Quantitative data on the economic weight of artisan products will allow to assess their strategic role in developing countries economies. The third section will present a model on the transition from handicraft to soft industrial design. The two main policies which should be addressed for implementing the model are the cultural district formula and the assignment of collective trademarks. This is done in the fourth session. The conclusions will follow.

II. Material Cultural Heritage: from handicraft to design

The adopted definition of material cultural heritage is broadly speaking anthropological and not artistic or humanistic. Material cultural heritage can be defined as a large bundle of tangible and intangible goods and services that humankind produces to protect, satisfy, and get a better life. According to this definition the list of goods that have been created is impressive, and it goes beyond the notion of artisan products, including technological goods, industrial design and architecture. While these goods and services are so many and heterogeneous, they all represent the economic and social answer to the human aspiration to a more comfortable habitat. Furthermore the geography of material culture shows worldwide diffusion and defending it means consequently defending the world cultural diversity.
According to the anthropological view of Keesing: “Material culture has the special distinction of linking the behaviour of the individual with external man-made things: artefacts” (Keesing, 1958). Artefacts have, in principle, a function and a form. In this sense functional handicrafts are opposed to works of art, like paintings or sculptures, that do not have a use and are conceived without an intentional functional form.

On the other hand, traditional artefacts represent a crucial part of a community’s culture. Their physical shape and their functional nature are the outcome of both local raw materials and traditional knowledge, traditional uses, specific cultural behaviour, beliefs and credence. Only part of them can be considered exclusively artisan products. Some are the output of artist-artisan ateliers, but most of them are produced both by the handicraft and industrial sectors, but when developing countries are considered, the handicraft production, as we will see later, prevails. On the contrary industrial design rules are mostly applied by medium and large industries of western economies. In developing countries handicraft production shows aesthetic and ornamental qualities, but does not assimilate any modern industrial strategy leading at the same time to serial production and good quality standards.

III. Evolution of the handicraft: craftsmanship between art and industrial design

3.1 From fine arts to industrial design

The production of functional objects began at the dawn of humanity. The only technical input was manual ability. Quality was low and workshops produced limited quantities. This was our material culture for centuries.

From a historical point of view, the growing interest in the role of traditional handicraft for sustainable local development is the result of a long and nonlinear route which is transverse to the history of the “fine arts” and of course subject to market changes.

After the refulgent seasons of the Middle Ages and of the Renaissance, during which there was no substantial difference between these two kinds of expression of human creativity, the distance between “major arts” and “minor arts” went on growing due to the changes that occurred in the relationship between the artist/craftsman and the client/patron.

Major arts included architecture, sculpture, ecclesiastical and sacred painting, and portrait painting as living memories and monuments of History, while tapestries, ivories, silvers, ceramics, textiles and glasswork were considered “minor arts”.

At that time the distinctive characteristic of handicraft production was without doubt manual skill. Craftsmanship was built up during apprenticeship in the workshop which was the place where traditional technical knowledge was safeguarded and transmitted and in which operative and technical innovation took place.

But it was only with the industrial revolution in modern times that a definitive separation took place between Art and Craft, through a process started in the Renaissance. The positive result of this fundamental “separation” was that handicraft, free from the customers' constrictions and from the art market, started to evolve independently, smoothly and gradually conforming to the emerging cultural changes, to new materials, and to the demand of a growing global market.
The process of re-appraisal of handicraft “mechanicalness” started in the XVIII century during the Enlightenment but the Restoration first and then Romanticism and the industrial revolution determined a new decline in the importance of handicraft.

The reaction to this crisis was the springing up of a number of movements such as William Morris’ Arts and Crafts, the Charles Ashbee’s Guild of Handcrafts in London, the activity of Mackintosh in Glasgow and the Wiener Werkstätte which was created in Vienna by Hoffmann and Moser.

The rise of these movements which revalued artisan processes, the introduction of the Kunstwollen artistic historiography, the more and more frequent need for avant-garde artists to measure themselves against other kinds of arts, in particular tribal and exotic art, are just some of the causes which led to a revaluation of handicraft, but at least two other factors are worthy of mention.

On the one hand at the end of the XIX century was the rediscovery of traditional values and roots (Heimatschhutzbewegung) with the contemporaneous spur to experiment new languages, while on the other hand was the success that the aesthetics of Benedetto Croce's – which removed the distinction between major and minor arts – had in Italy with a very strong impact on the process of reappraising handicrafts.

The two fundamental years for the modern European history of handicraft and for the beginning of industrial design were 1851 with the London “Great Exhibition of the Works of all Nations” and 1919.

In April 1919 at Weimar in Germany a leaflet publicized the programme of a new school, synthesis of the Academy of Fine Arts and of the school of handicraft: the Public Bauhaus.

The return to handicraft was seen by the Bauhaus as a way for the artist to realize a new “unitary work of art” which could include different kinds of art while giving shape at the same time to a popular and collective art.

The Bauhaus experience ended in 1932 for political reasons but its teachings opened a new approach to the modern concepts of handicraft and industrial design considered as “that particular kind of design for industrial purpose (objects which are produced in series using industrial methods and systems) in which an aesthetic component is added to the technical skills right from the very beginning of the process” (Dorfls, 1958).

The rationale of industrial design comes in fact from the consciousness that serials products have the same dignity as unique object due to the originality and specific individuality of the design conception.

And it is specifically from the Bauhaus that the major contribution to this theory comes. For the Bauhaus the design becomes the technical synthesis of production technology with the objectives of the modern world.

A basic of industrial design is that if the price of an original and artistic idea for the few can be lowered and if its diffusion can be increased to a larger target through batch production, the same process can also be applied to handicraft.

Many attempts have been made in this framework to extend the notion of industrial design to popular art (Dorfls, 1958). In this way the notion of industrial design was extended to popular art, giving raise to design-based goods.

As a result, traditional handicrafts produced in batches could access the market both as gifts and fancy functional goods and as purely aesthetic ones.
3.2 The emergence and main characteristics of industrial design. A progressive taxonomy

Two unexpected shocks in the evolution of handicraft can be identified in synthesis from the historical overview provided above. The first was the search for aesthetic value and the symbolic expression of beauty. The artist appeared alongside the craftsman. The artist’s studio took its place beside the workshop. Quality increased. The work of art became “use-less”. But for both artists and craftsmen conception and execution were a unique phenomenon.

The second shock was linked to the appearance of machines. The industrial revolution increased the productive power of the craftsman and transformed him into a modern entrepreneur. Firms appeared beside the shop and the studio and here hosts of workers sold abstract work for executing projects and ideas conceived elsewhere. Conception and execution lost their unity. Work lost its ability.

All over the world the basic starting point of craftsmanship took different paths in accordance with the different local processes involving artists, entrepreneurs and workers. The industrial design idea can be thought of as the strongest attempt to unify conception and execution, using the machines as means, not as ends. It was an intellectual choice at its very beginning that gave rise to the social movement anticipated by John Ruskin (1819-1900) and led by William Morris (1834-1896) and others. Indeed, the decline in the importance of handicraft began with the industrial revolution and was accompanied in search of even lower costs, by a serious decrease in product quality.

So at the beginning of the XXth century the taxonomy of the handicraft sector was the following:

1. traditional handicraft, which was by now a poor sector with low quality products made by craftsmen;
2. art works based on material culture and made by artists and artists-artisans;
3. serial utilitarian products made by industrial workers with low quality and low production costs;
4. functional industrial design objects based on mechanical production, and incorporating conceptual, aesthetic and technological advances.

As already said, the Bauhaus experience ended for political reasons but its experience gave rise to a new approach. The underlying concept of industrial design is that an original and artistic idea conceived for a few can be lowered in price and its diffusion increased to a larger target through batch production. If the same process is applied to artefacts, the notion of industrial design can be extended to popular art and give rise to design-based goods.

This new class of commodities, designed and planned, differs from mere industrial products, traditional artefacts and works of art (Giedion 1948; Castelnuovo, 1989; Dorfles, 1963-72).

A design-based good can be defined by four essential characteristics.

- It is a serial product, made principally by machines and according to the logic of industrial organization.
- It is a product with a high intellectual component embedded in its aesthetics, decoration, shape and technology. The relative share of the intellectual component over the raw material component and other productive factors is high, dominant and increasing. Intellectual property rights are the institutional way to protect design-based goods.
- It is a symbolic good, according to the intention of both the creator and the consumer. Its symbolic meaning (social, relational, ritual and ideological) goes beyond its functional character. Symbols strength common credence and sentiments shared by the members of
a community and, hence, by extension have an influence also on consumer behaviour, when this phenomenon becomes ritual and produces cultural lock-in.

- Its intellectual creation does not follow the incremental path of scientific knowledge, yet it seeks a break with tradition, innovating by opposition and difference. This discontinuity or non-cumulativity is a characteristic trait of Italian design (Branzi, 1999).

3.3 The economic importance of handicraft in developing countries.

But what the real economic importance of traditional craft for local development nowadays and what does the economic realm consider as crafts? Given their variety and complexity, measuring the economic role of handicraft in domestic and international markets is not an easy task.

Even if export statistics related to craft are provided, craft exports are still quite difficult to measure within the international classification system of trade statistics since most artisan products are not identified in the customs classification system used for trade statistics. In addition, data on production, both in terms of quantities produced and of the labour force involved, are unavailable for many developing countries.

Nonetheless it is possible to recall some data from the 1997 UNESCO and ITC survey on crafts and the international markets1 even if some figures are estimates and definitions in data collection may vary from country to country: at that time revenues from craft in the Philippines amounted to 591 million dollars and 200 million in Iran; in Peru 200,000 full time and 1,600,000 part-time workers produced 13 million dollars crafts; India was producing crafts for more than 1,400 million dollars employing two million full-time people and 5 million part-time workers in the sector, and in Mali 60 million dollars of craft were produced involving around the 60% of the active population.

At present the most reliable data are the international trade statistics provided by the ITC-International Trade Centre. The products taken into consideration are the world’s most common artisan and visual arts products, which are either already traded, or which may have the potential for a meaningful bearing on international trade and are classified according to the Harmonized Commodity Description and Coding System (HS) which includes: basket-/wicker-/vegetable fibre-works, leather, metal, paper, pottery, soap, textiles, wood, various animal/mineral/vegetable materials2 and extra categories3.

This subdivision is based on the “Methodological Guide to the Collection of Data on Crafts” published by the UNESCO. The included products are listed under a broad divisions, primarily according to the materials used - or in certain cases on the basis of the material and of the technique - and some of them are specifically identified as being “hand-made” or “original works”.

In general, to assess the impact of handicraft production on the domestic economy three points of view can be adopted in principle.

2 Embrace those materials in craft production that are either very specific to the country, region or area, or rare, or difficult to work, such as, for instance: stone, glass, bone, horn, shells, etc., or a combination (ITC).
3 Refer to different materials and techniques applied at the same time. For instance: arms (for ceremonial and decorative purposes or as theatrical properties), decorations, jewellery and gold/silversmith wares, musical instruments, toys.
On the one hand it should be interesting to analyse the weight of handicraft as a share of the national GDP or in terms of people employed, but this kind of assessment is possible only by comparing countries with the same economic structure. On the other hand a proper way to assess the economic importance of handicrafts could be to address their trade on international markets and compare the countries’ quotas of exports in each artisan sector. The main drawback of this indicator is its inability to take the internal economy into account because in some countries, while exports or access to international markets are limited the domestic production for internal consumption is considerable. Thus, taking into account the above remarks, three indicators of the economic importance of handicraft can be analysed: country export/ world export, unit value and export/ GDP.

Using data from the ITC it is also possible to assess the economic importance of handicrafts by addressing their trade on international markets and comparing the countries’ quotas of exports in each artisan sector.

In the three most significant textile categories – handbags, cotton bed, table, toilet and kitchen linen, and other cotton bed linen – which represent about the 47% of all the world textiles exports, the role of developing countries is dominant compared to that of the advanced economies.

China for example exports 30%, in terms of US dollar value, of the world's handbag output, 30% of other kinds of cotton bed linen (another 32% is exported by Pakistan and 9% by India), and 18% of cotton bed, table, toilet and kitchen linen (another 30% is exported by Turkey, India and Poland) and in general, for the textile sector, it is possible to assess that, in terms of US dollars, developing and emerging countries – above all China and India – play a role of primary importance in world craft exports.

The comparison in terms of unit value (US$/unit) is also an interesting indicator of the economic value which can be attached to the industrial design that is more developed in western industrialized countries compared to handicraft. These differences could help in explaining how the typical industrial design production line is much more productive in terms of monetary value. The unit value is the sum of many components which are difficult to consider separately: symbolic and design value; manpower value; raw material value, capital cost.

The comparison in terms of Country Export/ Country GDP is also revealing when trying to measure the leading role of the handicraft sector in developing countries, also for the accumulation of foreign currency.

This is evident considering for example that the export value of textile handicrafts from India amounted, in 2005, to more than 2 billion US dollars and jewellery exports were around 2.6 billion. The Philippines exported, in 2005, 1,941 million dollars of basketwork crafts and in Iran, only taking into consideration carpets, exports reached nearly 400 million USD (0,2% of GDP but the hole craft sector amount to more than 3%). In Vietnam the value of exported crafts - counting only wood, leather, pottery and basket-based crafts – represents nearly 3% of the GDP.

Recently, due to the growing consciousness both on the importance of crafts for developing countries and of the substantial lack of reliable data on the sector other more specific indicators are being developed.

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4 Data from ITC creative industries database, 2005.
5 Data based on IMF and ITC, 2005.
6 One of them, which is being developed by the UNESCO, relies or example on measures of tourist spending on craft items.
IV. Model: from Traditional Crafts to Soft Industrial Design

In this section we will present a model on the transition from traditional handicraft to soft industrial design. The reason for this change is mainly linked to the development of local traditional production. To enter the markets in the society of knowledge and under the challenges of globalisation traditional production needs to increase both the quality and quantity of its own goods and services. If quality or quantity are missing, positive evolution will be limited by drawbacks.

Let’s first take the case of lack of quality. The starting point is a kind of commodity expression of a local and old tradition. It is usually supposed that the original quality was great. Excellent artefacts can be found in museums or eco-museums that confirm this. The problem is that a warped economic tendency in the second half of the last century focused on the search for low costs. It seemed that the only way to compete on the global markets was by lowering production costs, and handicraft production did not escape that tendency. Yet low costs and low wages are usually connected to low quality. So, pursuing low costs meant at the same time to accept a substantial cutback of quality. In geographic terms low quality became the prerogative of developing and poor countries, while industrial western countries moved toward new and superior levels of quality. Today international competition is played around the quality issue. A commodity of low quality has a very low economic value and its export does not attain, in volume, the desired effects in terms of export-based models of development. Summing up, the lack of quality means both limited penetration capacity in the global markets and a low unit value of the product at the limit of the international exploitation of local resources.

Let’s take now the case of lack of quantity resulting from normal handicraft production. When a traditional product is appreciated by consumers all over the world, it is considered a real success. Yet on closer examination things can be different. In fact the success of some kind of local production, let’s say Indian silk or artistic glass, will create room for an increase in international demand. Consumers attracted by the product will be induced to buy it and shopkeepers will be asked to stock it. But if the quantity produced is lower than the demand it is possible that instead of an increase in prices, new competitors will enter the market and provide just the requested goods. This can happen when the barriers to entry are low because of the easy technology used for handicraft production, or to the ease of copying traditional decorations. The final result will be that new producers will enter the market and occupy the space previously taken by the original firms. This point affirms that international success in the handicraft sector is immediately cancelled if it is not supported by a suitable production power.

So, quality and quantity are always needed simultaneously in the handicraft market. This is why industrial design can help. But considering the normal size of the firms working in the handicraft sector, the opportunity to develop a special version of industrial design that we call soft industrial design should be considered.

Soft industrial design has the same basic characteristics of industrial design, namely serial production, intellectual property, symbolic value and non-cumulativity; what changes is the economic and social context.

- First of all the innovative rules of industrial design must apply to micro and small firms. So the main economic constraints of soft design are the circumstances of local production, its cultural district nature. It has to develop seriality in a context in which there are few employees per firm, shortages of financial capital, primitive technology, a
great role for creative ornament, vertical or horizontal integration of firms, strong social links, collective trademarks, and common international outlets.

- Soft industrial design must hold manual and mechanical production together; that means holding mechanic perfection and manual imperfection together. Soft design involves introducing planned imperfections even in a large series.
- Soft design should fit communitarian or collective labour organization. Networks, families, clans, tribes are special settings the designer has to take care of. In other words the designer should closely consider the local organization of labour.
- Soft design means using raw materials produced locally, ones which are traditionally of good quality or historically suitable for the original version of the products. This should increase the general quality results: natural colours look better, fine wool is dyed in soft elegant colours, etc.
- Often soft design easily develops scope economies. These are supported by the existing integration of micro firms and the cultural district atmosphere. New products can be developed by designers using the same mechanical and personal abilities in other sectors.
- Soft design can usually develop in a context of micro-finance.

While the traditional handicraft is roughly based or on high quality - low quantity production or on low quality - high quantity production, soft industrial design perspective should allow new production opportunities based on both high quality and high quantity. This relatively new model seems to be crucial for entering the international markets in a sustainable way, allowing craftsmen to succeed in terms of the quality of their production and at the same time allowing them to be present with their commodities in retail outlets and satisfy international demand.

At the end of this transformation the above taxonomy changes and traditional products should be:

1. *art works*;
2. *serial utilitarian industrial products*;
3. *functional objects from the soft industrial design*.


To implement the model the two main policies which should be addressed are the cultural district perspective and the assignment of collective trademarks. The cultural district atmosphere is the best context in which to make the evolution from crafts to soft industrial design. Actually soft industrial design can develop better if collective institutions and a sense of identity assist the community; and product quality is improved, for instance through the management of collective trademarks.

5.1 Cultural districts

A cultural district corresponds, both in developed and developing countries, to a special industrial formula for the production of traditional goods based on creativity and culture (Santagata, 2001, 2006). A cultural district is grounded on two characteristics: first of all the idiosyncratic nature of culture, which is peculiar to a given place or community and to a specific time, and secondly on the positive externalities generated by the spatial agglomeration of micro firms. In a cultural district a local community rich in cultural traditions and in accumulation of
technical and tacit knowledge is found. A Marshallian industrial atmosphere, animated by micro and small enterprises, locally involves social capital, agglomeration economies, trust, and cooperation. The goods based on material culture, or design-based goods, are usually produced in this special industrial setting made of a spatial agglomeration of micro and small firms.

Let’s take as an example the Cultural District of San Gregorio Armeno, in Naples (Cuccia, Marrelli, Santagata, 2007). This cultural district has been producing the traditional characters of the Neapolitan Christian Crib since the Middle Ages. The main components of a cultural district can be found there:

- a reputation which goes far beyond the district’s borders: domestic and international
- a community shared cultural tradition
- horizontally integrated micro and small firms
- low technology, as it is typical of works of art
- great creativity
- similar firms with common goals: free circulation of information, good relation with institutions, common reputation
- high sense of collective identity
- the transmission of creativity to the next generations is based on tacit knowledge and learning by doing
- strong tourist attraction capacity
- cohabitation of artistic activity and business

The evolution from crafts to soft industrial design is grounded on some specific traits. First of all the district can act as a magnifier for the reputation of local production. This is due to its greater ability to communicate and develop collective marketing and financial services. The district can satisfy the international demand led by growing reputation. Then the main way to respond to the increased demand is to have resort to serial production with high quality and convenient prices.

To extend the supply chain for soft industrial design many of its articulations must be developed by transforming a short supply chain into a longer one based on the product department conception: the department of sculptures and casts, the department of the scenes and the department of artistic decoration.

It is not uncommon in developing countries to find traces of crafts based on clusters of activities variously framed within and linked to the local cultural heritage. This is something less than a cultural district. There are local economic forces, one or more pioneers in the material culture sector, in arts and crafts manufacturing, local and external demands, labour skills and learning effects, but what is commonly lacking is an incentive system leading the main economic actors towards more efficient ways of investing, trading, communicating and marketing their products. In other words, institutions and good governance are lacking.

5.2 Collective trademarks

The enforcement of a distinctive brand fulfils many economic purposes: it reduces the probability of unfair competition and gives rise to individual efficient incentives to create and produce (Santagata 2002, 2006; Cuccia T. and Santagata W. 2004, Ghafele and Santagata, 2005). The three main functions of collective trademarks can be summarized as follow:
1. **Transformation function.** The creation of collective trademarks transforms traditional knowledge, images, and ideas into “property”. Local knowledge becomes ‘intellectual property’: it becomes something that could be owned by the local producers who would agree to comply with the minimal requirements of regulated local production.

2. **Information function.** Identifying the owner of the brand and signalling his/her reputation contributes to diffusing information about the quality of goods and services. This role acts as a safeguard against the illegal copying of design, ideas, tags, labels, or logos.

3. **Management function.** The **managerial role**, namely the collective trademark and certification mark, is related to the enhancement of the quality of goods and services provided through the introduction of rules, standards, inspections and mechanisms for business development into a local area.

Setting product quality standards implies maintaining a particular level of cooperation, marketing and monitoring among the local micro and small enterprises. If we think, for instance, of the **collective trademarks** assigned to a local area and a local community, it is easy to observe their role in fostering the local reputation through increases in the quality of locally produced goods and of the services provided. In this sense collective trademarks can be used to assist the transformation of a potential cultural district based on traditional crafts into a real cultural district based on crafts and soft industrial design. Therefore collective intellectual property rights will be analysed from this unconventional perspective concerning their ability to foster culture-based product quality and move the supply chain towards industrial design.

Collective Trademarks can be used as a tool kit in forging various activities linked with cultural heritage into effective institutions with good governance. A bootstrap procedure has been proposed for managing this tool kit efficiently (Ghafele and Santagata, 2005). It should be implemented by an association of local stakeholders on the basis of the following actions: establishing a local committee, identifying the image for local products and services; filing the selected collective mark; setting the rule of compromise as a decision rule; selecting minimum quality standards; defining the registration and accreditation procedure and managing royalties.

As an example on how collective Intellectual Property Rights are able to foster culture-based products can be found in the Seridô embroidery district of the Rio Grande do Norte, Brazil. This traditional form of embroidery take its origins from Portuguese colonisation. The Portuguese wives used to work on a particular kind of embroidery, traditional of the Madeira island. This tradition was transferred, with its traditional design and material, to the local population. This activity, which nowadays involves more than 2.000 “bordadeiras”, was preserved generation after generation. The application of a denomination of origin for the city of Caico represented the turning point in the recognition of the importance of this activity for the local economy and for the local culture and a fundamental step in the protection of the uniqueness of this kind of handicraft against imitation, especially of Far-East industrial products.

Nowadays the whole Serido region is specialized in this activity and for this reason the RN agency of **SEBRAE** - Serviço Brasileiro de Apoio às Micro e Pequenas Empresas - is implementing a project, the aim of which is to foster the position of Seridô embroidery on national and international markets on two fronts: on the one hand through a process of design innovation the result of which is being promoted in international craft fairs, and on the other with the extension of the denomination of origin to the whole Seridô district.

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7 **SEBRAE** (Brazilian Micro and Small Business Support Service) is a non-profit private institution, result of the union of both the public and private sectors, supporting the development of small-sized business activity.
Returning to the case of San Gregorio Armeno (Cuccia, Marrelli, Santagata, 2007) we also find a confirmation of the above characteristics of collective trademarks. They are a safeguard against unfair competition and piracy, a sign of quality certification, they foster deliberative democracy and stakeholders participation, and last but not least, through the procedure of “Registration & Accreditation”, they are a politically friendly means for increasing quality. Looking at the economic value of a collective trademark it can be said that the average value of the trademark (willingness to pay for) for local consumers is 10,02% of the price paid. The producers of San Gregorio Armeno are willing to pay on average from 10 cents to 2 Euro for the tag/label, depending on the value of the object.

VI. Conclusions
Developing countries, whose production is largely based on agriculture, handicraft and natural resources, are on the edge of a radical change. The handicraft sector really can increase its quality and quantity and enter the international markets. The main strategy for this change is the implantation of the rules of soft industrial design.

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